

Mineral Revenue Collections

January - September 1998



Photo courtesy of Shell Oil Company

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Executive Summary

Revenues from mineral leases on Federal and Indian lands fell 8.4 percent, or \$412.9 million, for the period January through September 1998, in comparison with the period January through September 1997 (tables 3 and 4, and figure 2). The decline was primarily attributed to lower oil, gas, and coal prices in 1998.

Federal offshore revenues fell \$333.3 million, or 8.7 percent, during the period. A \$480 million decline in offshore royalties was offset, in part, by a \$138.1 million increase in bonus collections and a \$34.6 million increase in rent collections (tables 3 and 4, and figure 7). Offshore oil and gas royalties were both lower in 1998 due to falling prices. Offshore bonus and rent collections were up during the year as a result of recent competitive oil and gas lease sales.

Federal onshore revenues declined \$72.7 million, or 7.8 percent during the same period. A \$94.7 million decline in royalties was offset, in part, by a \$31.1 million increase in bonus collections (tables 3 and 4, and figure 10).

Indian revenues fell \$6.9 million, or 4.8 percent during the period (tables 3 and 4, and figure 13). Much of the decline occurred with oil and coal royalty receipts.

Coal Summary

The U.S. Department of Energy (DOE) reports that coal production in the United States reached a record 1,089 million short tons in 1997. Coal production is expected to grow by 1.5 percent in 1998. Production of western coal is expected to surpass the production of Appalachian coal in 1998 for the first time in U.S. history.

The electric utility sector consumes nearly 90 percent of all coal used in the United States. Coal prices to electric utilities fell in 1997 to their lowest level since 1979. Prices slowly stabilized in the first 9 months of 1998. Gains in mining productivity have resulted in the downward trend for coal prices. The expected increase in coal prices from the effects of the Clean Air

Act of 1990 have been more than offset by productivity gains.

Federal and Indian coal royalties fell \$8.3 million, or 3.1 percent, despite a 5.7 percent increase in coal production during the first 9 months of 1998, compared with the same period in 1997 (tables 3 and 4, and figure 3). The decline in revenues reflects the depressed state of coal prices over the past two years.

Natural Gas Summary

Natural gas prices fell in January and February 1998 due to warmer-than-expected winter weather in the continental United States. With demand lower, gas inventories remained high throughout the peak heating season. Prices stabilized from March through May with a strong spring injection period. Prices fell again from June through September as a result of well-stocked gas inventories. The Nation's gas storage inventories were 457 billion cubic feet higher in August of 1998 than the comparable period in 1997.

Federal and Indian gas royalties fell 9.4 percent, or \$187.5 million, during the first 3 quarters of 1998, compared with the same period in 1997 (tables 3 and 4, and figure 3).

Oil Summary

Average crude oil prices fell during the first 6 months of 1998 as a result of abundant international supplies. Production cuts by Organization of Petroleum Exporting Countries (OPEC) and non-OPEC countries began to diminish the oversupply during the third quarter of 1998. A seasonal increase in heating demand with the advent of fall weather further reduced oil inventories.

Federal and Indian oil royalties dropped 29.6 percent, or \$355.1 million, from \$1.2 billion in the first 3 quarters of 1997 to \$845.2 million during the same period in 1998 (tables 3 and 4, and figure 3).

Notice

This report is designed to provide a general record of collection activity during the period. Some information in this report necessarily includes estimated data that may change after publication. The report is subsequently not intended to be a final accounting of collections or disbursements. Detailed disbursement information is available to all States through explanation of payment reports mailed monthly to each State office. Final annual collection and disbursement information is published in the annual *Mineral Revenues* report.

Selected sales volume and sales value data in this report have not been adjusted to resolve distortions created by payors reporting on communitization or unitization agreements, nonstandard leases and agreements, and prior-period adjustments. Sales volume and sales value information in the annual *Mineral Revenues* report is adjusted to accommodate these types of distortions. Time and resource constraints preclude adjustments in this quarterly report series.

Indian nonstandard lease and agreement collections are not available in the first three quarters of the year. These collections are subsequently added into the fourth quarter of each year in this report. Complete Indian nonstandard lease and agreement collections are published in the annual *Mineral Revenues* report.

About This Report

The Mineral Revenue Collections report provides information addressing royalty, rent, bonus, and other revenue receipts from Federal and Indian leases. The Minerals Management Service (MMS) Royalty Management Program distributes the report on a quarterly basis to Congressional, Federal, State, Indian, and industry representatives.

Some information in this report necessarily includes estimated data that may change after publication. Numbers in parentheses may include current year collections, credits, and prior-year adjustments.

Mineral Lease Revenues

The report addresses four types of lease revenues: bonuses, rents, minimum royalties, and royalties.

- **Bonuses** — Leases issued in areas known to contain minerals are awarded through a competitive bidding process. Bonuses represent the cash amount successfully bid to win the rights to a lease.
- **Rents** — A rent schedule is established at the time a lease is issued. Rents are annual payments, normally a fixed dollar amount per acre, required to preserve the rights to a lease while the lease is not in production.
- **Minimum Royalties** — A Federal lease may further contain a minimum royalty provision. Minimum royalty is the annual payment, on a per acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that year.

Minimum royalties are included under the entry “Other Revenues” in this report. “Other Revenues” includes settlement payments, gas storage fees, estimated payments, and recoupments in addition to minimum royalties.

- **Royalties** — A royalty is due when production begins. Royalty payments represent a stated share or percentage of the amount or the value of the mineral produced. The royalty may be an established minimum, a step-scale, or a sliding scale. A step-scale royalty rate increases by steps as the average production on the lease increases. A sliding-scale royalty rate is based on average production and applies to all production from the lease.

Sales Volume and Sales Value

Sales volume represents the quantity reported sold during the year. Sales value represents the dollar value of the commodity reported sold during the year.

Selected sales volume and sales value figures in the annual ***Mineral Revenues*** report are adjusted to resolve distortions created by payors reporting on communitization and unitization agreements, nonstandard leases and agreements, and prior-period adjustments. Time and resource constraints preclude a similar adjustment of sales volume and sales value in this quarterly report series.

Revenue Collections and Disbursements

Revenues collected from mineral leases on Federal lands are distributed to States, to the U.S. Department of the Treasury (Treasury), and to a number of designated special-purpose accounts administered by Federal agencies, depending on the land category and the applicable law involved. The Bureau of Indian Affairs (BIA) disburses revenues collected from Indian leases to the appropriate Indian Tribes and allottees.

Royalty payments are generally due on the last day of the month following the month of production, unless

that day falls on a weekend or holiday. Payments are then due on the first business day of the following month.

Since 1983, MMS has generally disbursed mineral revenues derived from leases on public domain lands and shared with the States in the month following receipt of the payment. Disbursements are made under the provisions of section 104 of the Federal Oil and Gas Royalty Management Act of 1982 which amended the revenue disbursement provisions of the Mineral Leasing Act of 1920 (MLA), 30 U.S.C. 191. The MMS deposits Indian revenues in accounts administered by the Office of Trust Funds Management (OTFM) where they are invested and subsequently distributed to Indian Tribes and allottees by BIA. Since revenues collected in one month are disbursed in the following month, collection totals in a given year will not equal disbursement totals for the same year.

The MMS administers mineral leases from different land categories. Legislation and regulations govern formulas for the disbursement of revenues from these leases.

- **Offshore Lands** — Royalty, rent, and bonus revenues from Federal offshore mineral leases on the Outer Continental Shelf (OCS) are deposited to the General Fund of the Treasury through miscellaneous receipts. Under other applicable laws, specified amounts from total offshore revenues are transferred to the Land and Water Conservation Fund (LWCF) and the National Historic Preservation Fund (NHPF).

The LWCF, primarily administered by the National Park Service, provides revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Offshore mineral leasing provides approximately 70-90 percent of LWCF revenues.

The NHPF, administered by the National Park Service, is designed to expand and accelerate historic preservation plans and activities. The NHPF provides revenues for matching grants-in-aid to States and local governments, and funds

the National Trust for Historic Preservation. Offshore mineral leasing provides 100 percent of NHPF revenues.

Section 8(g) of the Outer Continental Shelf Lands Act (OCSLA) Amendments of 1978 provided that the States were to receive a “fair and equitable” division of revenues generated from the leasing of lands within 3 miles of the seaward boundary of a coastal State containing one or more oil and gas pools or fields underlying both the OCS and lands subject to the jurisdiction of the State.

The States and the Federal Government, however, could not reach agreement concerning the meaning of the term “fair and equitable.” Revenues generated within the 3-mile boundary were placed into an escrow fund beginning in August 1979. Revenues from the Beaufort Sea in Alaska were placed into a second escrow fund under section 7, beginning in December 1979.

Congress resolved the dispute over the meaning of “fair and equitable” in the OCSLA Amendments of 1985, Public Law 99-272. The law provides for the following distribution of section 8(g) revenues to the States:

- Disbursement of escrow funds in Fiscal Years (FY) 1986-87;
- A series of annual settlement payments disbursed to the States over a 15-year period from FY 1987 to FY 2001; and
- Recurring annual disbursements of 27 percent of royalty, rent, and bonus revenues received within each affected State’s 8(g) zone.

Congress passed a second law, Public Law 100-202, permitting distribution of \$322.9 million in section 7 Beaufort Sea escrow funds to Alaska in FY 1988.

- **Public Domain Lands** — The majority of Federal lands are in the public domain. Under section 35 of MLA, States other than Alaska receive 50 percent of all royalties, rents, and bonuses collected from any public domain leases located within their respective boundaries.

Forty percent of remaining mineral revenues is deposited in the Reclamation Fund administered by the Bureau of Reclamation. The Reclamation Fund provides revenues to build, maintain, and operate water and associated power projects on arid and semiarid Western lands. Federal onshore mineral leasing provides approximately 40-50 percent of Reclamation Fund revenues.

The remaining ten percent of mineral revenues from public domain leases is directed into the General Fund of the Treasury through miscellaneous receipts.

Alaska receives 90 percent of all royalties, rents, and bonuses paid for mineral production on public domain leases in Alaska. The State also receives 50 percent of all mineral revenues generated from the National Petroleum Reserve Alaska.

- **Acquired Lands** — The MMS collects all royalties, rents, and bonuses from leases issued under the Mineral Leasing Act for Acquired Lands of 1947, 30 U.S.C. 351 *et seq.*, on behalf of a number of Federal agencies. Revenues are disbursed according to laws applicable to the lands.

Seventy-five percent of mineral receipts from leases on acquired lands within a national forest administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the State in which the lease is located.

Seventy-five percent of mineral revenues from leases on acquired lands within a national grassland administered by the U.S. Department of Agriculture is distributed to the General Fund of the Treasury. The remaining 25 percent is distributed to the county in which the lease is located.

Seventy-five percent of mineral receipts from acquired Flood Control Act lands administered by the U.S. Army Corps of Engineers is distributed to the State in which the lease is located. The remaining 25 percent is distributed to the General Fund of the Treasury.

Mineral revenues derived from leases on acquired National Wildlife Refuge lands are shared with the

county in which the lease is located, according to one of three alternative formulas prescribed by statute. The remainder is deposited in the General Fund of the Treasury.

All mineral receipts generated from leases on acquired reclamation project lands are paid to the Reclamation Fund.

Mineral revenues collected from leases on acquired military lands issued before 1981 are deposited in the General Fund of the Treasury. Revenues collected from mineral leases on acquired military lands issued beginning January 1, 1981, are disbursed in the same manner as revenues from public domain leases.

Receipts from other acquired lands are deposited in a general Treasury account.

- **Indian Lands** — The BIA collects bonuses and rents from nonproducing leases. The MMS disburses mineral royalties and rents from producing Indian Tribal and allotted leases to OTFM. The BIA subsequently makes disbursements to Tribes and to individual Indian allottees, with the following exceptions:
 - Oil and gas payments to four Tribes—the Jicarilla Apache, the Blackfeet, the Navajo Nation, and the Southern Ute—are made directly by the lease payor to financial institutions contracted by the Tribes to receive their mineral payments.
 - The BIA has authorized payors to make direct payments to selected individual Indian allottees.
 - The Osage Nation manages all mineral leases on its Tribal lands and collects its own revenues.
 - Solid mineral royalties are paid directly to the applicable Tribes or to a designated BIA office.
- **Alaska Native Lands** — Payments to the Cook Inlet Region, Inc., in Alaska on behalf of Alaskan Natives for the interests the Region holds in several former Federal leases, are made directly by lease payors to the corporation.

Products and Units of Measurement

Product	Unit of Measurement
Amethyst	Grams
Carbon Dioxide	Mcf (thousand cubic feet)
Coal	Short tons (2,000 pounds)
Copper	Short tons
Garnet Gem	Kilograms
Gas	Mcf
Gas Plant Products	Gallons
Geothermal and Heated Water Sources	Millions of British thermal units
Helium	Mcf
Nitrogen	Mcf
Oil	Barrels (42 U.S. gallons)
Phosphate	Short tons
Potash	Short tons
Quartz Crystals	Pounds
Sand and Gravel	Short tons
Sodium	Short tons
Sulfur	Short tons
All Other Solid Minerals	Short tons

NOTE: Sulfur is reported as either a fluid or solid mineral based on the method of extraction. Fluid mineral sulfur is produced by extracting the product from the oil and gas stream. All onshore sulfur and a limited amount of offshore sulfur are currently produced from the oil and gas stream. Solid mineral sulfur is extracted using the Frasch process. The majority of offshore sulfur is produced using the Frasch mining method.

Copper reported in pounds and sulfur reported in long tons have been converted to short tons in this report.

Sodium product figures include sodium borate and carbonate compounds.

National Summary



Photo courtesy of Chevron Corporation, Dennis Harding

Table 1. Revenues from Federal and Indian mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 92,882,726	\$ 73,973,075	\$ 89,994,060	\$ ---	\$ 256,849,861
Gas Royalties	673,146,192	555,434,317	588,103,995	---	1,816,684,504
Oil Royalties	306,689,208	275,781,505	262,694,469	---	845,165,182
Other Royalties . . .	<u>41,833,431</u>	<u>37,262,837</u>	<u>38,362,464</u>	<u>---</u>	<u>117,458,732</u>
Royalty Subtotal	\$1,114,551,557	\$ 942,451,734	\$ 979,154,988	\$ ---	\$3,036,158,279
Rents	\$ 33,575,228	\$ 81,039,121	\$ 63,440,344	\$ ---	\$ 178,054,693
Bonuses	\$ 416,809,336	\$ 403,032,203	\$ 451,456,809	\$ ---	\$1,271,298,348
Other Revenues . .	<u>\$ (31,973,802)</u>	<u>\$ 8,795,756</u>	<u>\$ 33,934,940</u>	<u>\$ ---</u>	<u>\$ 10,756,894</u>
Total	\$1,532,962,319	\$1,435,318,814	\$1,527,987,081	\$ ---	\$4,496,268,214

Table 2. Revenues from Federal and Indian mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 88,933,826	\$ 79,937,512	\$ 96,310,576	\$ 86,996,830	\$ 352,178,744
Gas Royalties	801,295,845	652,828,009	550,080,852	653,756,149	2,657,960,855
Oil Royalties	472,049,840	352,488,535	375,684,052	405,544,315	1,605,766,742
Other Royalties . . .	<u>61,403,600</u>	<u>49,037,476</u>	<u>44,540,468</u>	<u>48,314,679</u>	<u>203,296,223</u>
Royalty Subtotal	\$1,423,683,111	\$1,134,291,532	\$1,066,615,948	\$1,194,611,973	\$4,819,202,564
Rents	\$ 22,425,155	\$ 54,698,332	\$ 64,054,622	\$ 58,810,123	\$ 199,988,232
Bonuses	\$ 256,231,663	\$ 131,352,856	\$ 714,516,037	\$ 228,924,847	\$1,331,025,403
Other Revenues . .	<u>\$ 96,370,001</u>	<u>\$ (59,997,648)</u>	<u>\$ 4,901,875</u>	<u>\$ 98,632,350</u>	<u>\$ 139,906,578</u>
Total	\$1,798,709,930	\$1,260,345,072	\$1,850,088,482	\$1,580,979,293	\$6,490,122,777

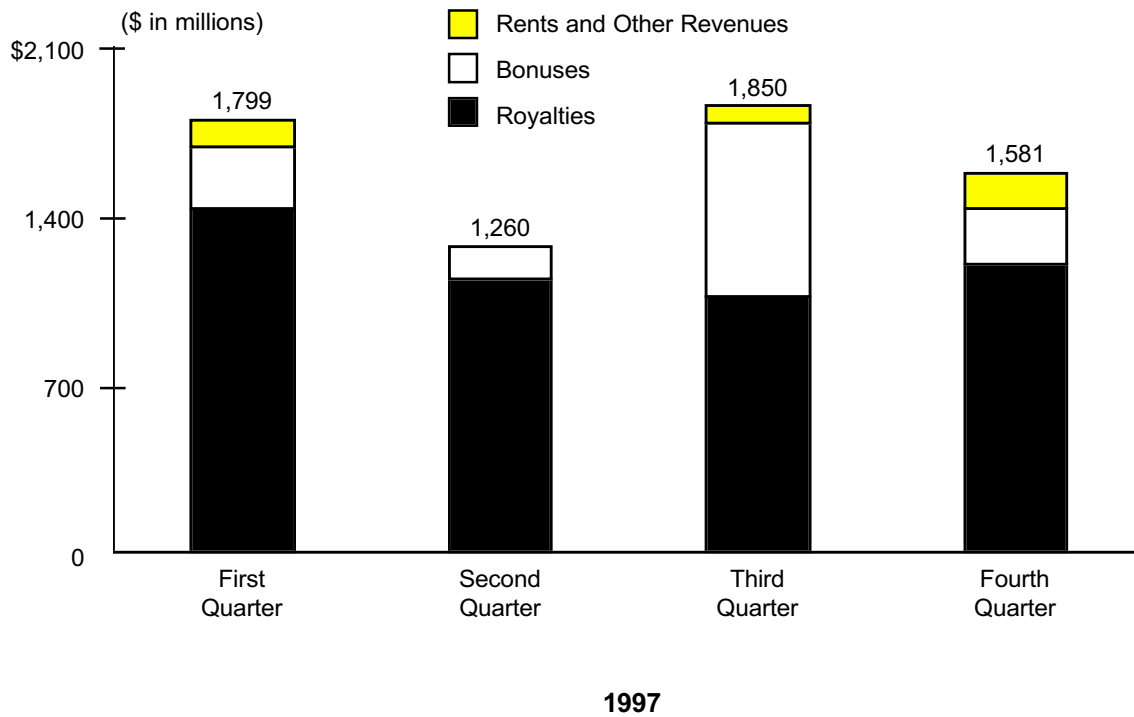
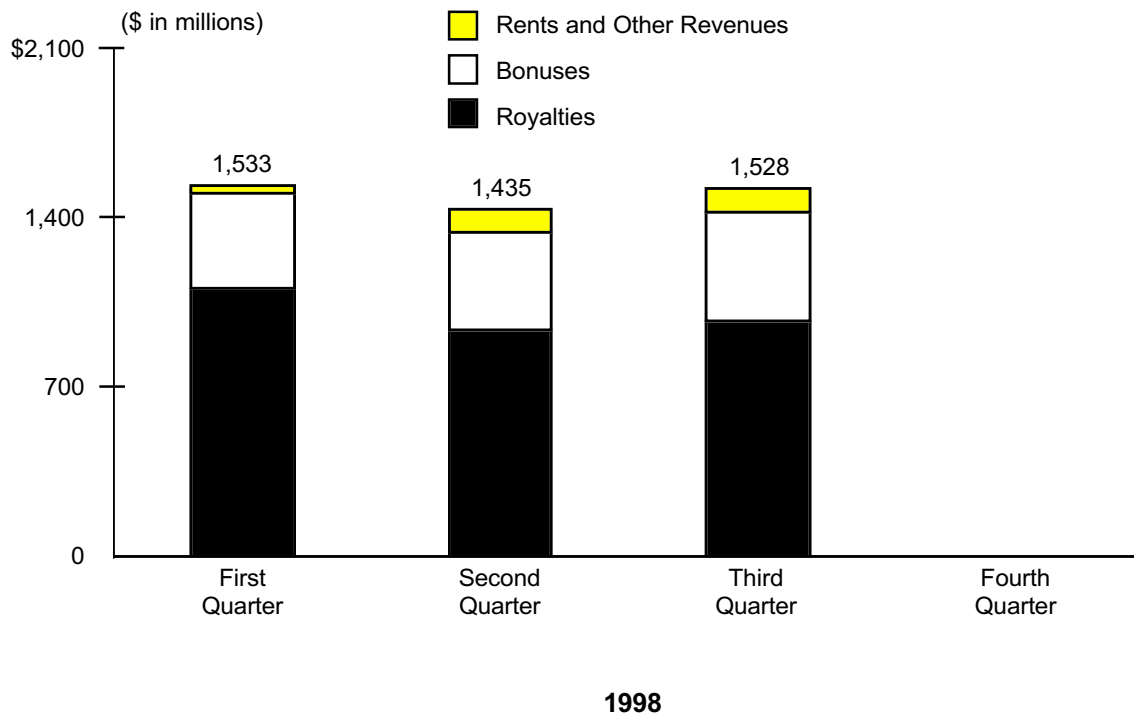


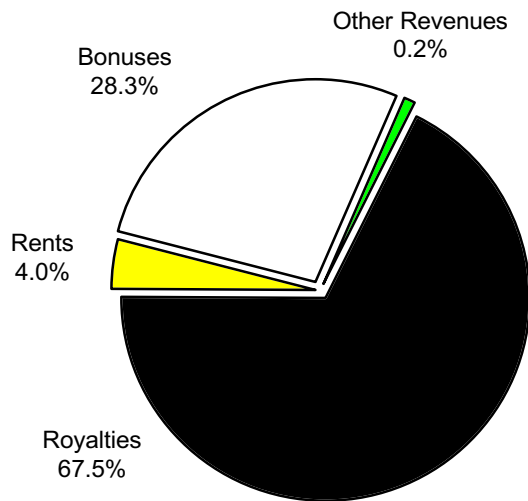
Figure 1. Revenues by source from Federal and Indian mineral leases, by quarter, Calendar Years 1997 and 1998

Table 3. Revenues from Federal and Indian mineral leases, January - September, 1998

	Federal Offshore	Federal Onshore	Indian	Total
Coal Royalties	---	215,496,410	41,353,451	256,849,861
Gas Royalties	1,422,827,221	336,107,784	57,749,499	1,816,684,504
Oil Royalties	716,648,129	104,744,443	23,772,610	845,165,182
Other Royalties	<u>47,261,608</u>	<u>63,639,482</u>	<u>6,557,642</u>	<u>117,458,732</u>
Royalty Subtotal . . .	2,186,736,958	719,988,119	129,433,202	3,036,158,279
Rents	147,471,279	29,889,179	694,235	178,054,693
Bonuses	1,168,547,745	102,750,603	---	1,271,298,348
Other Revenues	<u>(2,152,651)</u>	<u>4,688,399</u>	<u>8,221,146</u>	<u>10,756,894</u>
Total	3,500,603,331	857,316,300	138,348,583	4,496,268,214

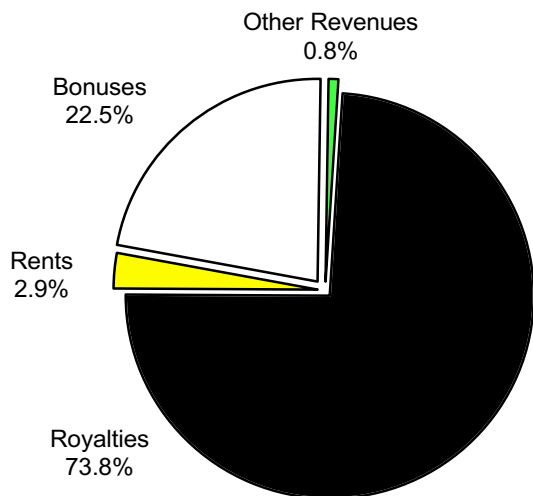
Table 4. Revenues from Federal and Indian mineral leases, January - September, 1997

	Federal Offshore	Federal Onshore	Indian	Total
Coal Royalties	---	217,336,137	47,845,777	265,181,914
Gas Royalties	1,589,465,852	359,551,419	55,187,435	2,004,204,706
Oil Royalties	1,004,834,023	161,630,502	33,757,902	1,200,222,427
Other Royalties	72,479,425	76,158,203	6,343,916	154,981,544
Royalty Subtotal . . .	2,666,779,300	814,676,261	143,135,030	3,624,590,591
Rents	112,912,316	27,556,512	709,281	141,178,109
Bonuses	1,030,414,637	71,685,919	---	1,102,100,556
Other Revenues	23,792,013	16,063,713	1,418,502	41,274,228
Total	3,833,898,266	929,982,405	145,262,813	4,909,143,484



Royalties	\$3,036,158,279
Rents	178,054,693
Bonuses	1,271,298,348
Other Revenues	10,756,894
Total	\$4,496,268,214

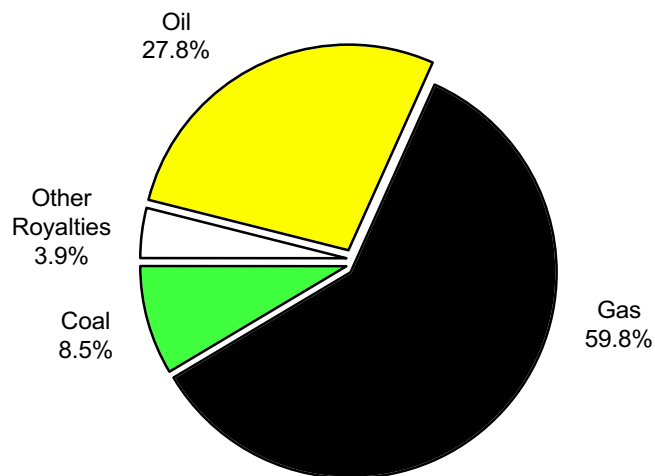
January - September, 1998



Royalties	\$3,624,590,591
Rents	141,178,109
Bonuses	1,102,100,556
Other Revenues	41,274,228
Total	\$4,909,143,484

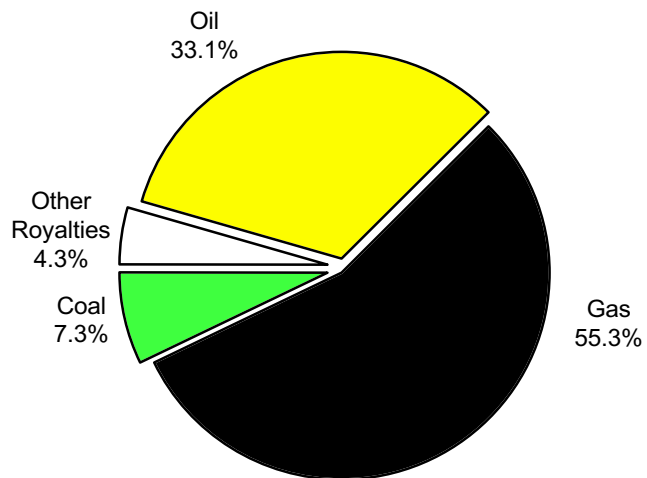
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**Figure 2. Revenues from Federal and Indian mineral leases by source,
January - September, 1997 and 1998**



Coal	\$ 256,849,861
Gas	1,816,684,504
Oil	845,165,182
Other Royalties	<u>117,458,732</u>
Total	\$3,036,158,279

January - September, 1998



Coal	\$ 265,181,914
Gas	2,004,204,706
Oil	1,200,222,427
Other Royalties	<u>154,981,544</u>
Total	\$3,624,590,591

January - September, 1997

**Figure 3. Royalties from Federal and Indian mineral leases by commodity,
January - September, 1997 and 1998**

Offshore Federal Mineral Revenues



Photo courtesy of Shell Oil Company

Table 5. Revenues from OCS mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties \$	---	\$ ---	\$ ---	\$ ---	\$ ---
Gas Royalties	532,020,128	427,720,453	463,086,640	---	1,422,827,221
Oil Royalties	257,116,918	235,185,441	224,345,770	---	716,648,129
Other Royalties . . .	<u>16,029,844</u>	<u>16,303,005</u>	<u>14,928,759</u>	<u>---</u>	<u>47,261,608</u>
Royalty Subtotal . \$	805,166,890	\$ 679,208,899	\$ 702,361,169	\$ ---	\$ 2,186,736,958
Rents	\$ 23,098,324	\$ 71,484,316	\$ 52,888,639	\$ ---	\$ 147,471,279
Bonuses	\$ 384,415,416	\$ 387,470,345	\$ 396,661,984	\$ ---	\$ 1,168,547,745
Other Revenues . . \$	<u>(33,276,075)</u>	<u>5,803,613</u>	<u>25,319,811</u>	<u>---</u>	<u>\$ (2,152,651)</u>
Total	\$ 1,179,404,555	\$ 1,143,967,173	\$ 1,177,231,603	\$ ---	\$ 3,500,603,331

Table 6. Revenues from OCS mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties \$	---	\$ ---	\$ ---	\$ ---	\$ ---
Gas Royalties	632,254,850	519,518,970	437,692,032	511,529,600	2,100,995,452
Oil Royalties	396,181,827	292,423,660	316,228,536	338,732,514	1,343,566,537
Other Royalties . . .	<u>32,628,739</u>	<u>21,524,441</u>	<u>18,326,245</u>	<u>22,422,561</u>	<u>94,901,986</u>
Royalty Subtotal . \$	1,061,065,416	\$ 833,467,071	\$ 772,246,813	\$ 872,684,675	\$ 3,539,463,975
Rents	\$ 12,783,858	\$ 45,558,395	\$ 54,570,063	\$ 49,412,081	\$ 162,324,397
Bonuses	\$ 219,513,134	\$ 117,626,174	\$ 693,275,329	\$ 214,635,262	\$ 1,245,049,899
Other Revenues . . \$	<u>78,380,488</u>	<u>(57,203,391)</u>	<u>2,614,916</u>	<u>56,933,894</u>	<u>\$ 80,725,907</u>
Total	\$ 1,371,742,896	\$ 939,448,249	\$ 1,522,707,121	\$ 1,193,665,912	\$ 5,027,564,178

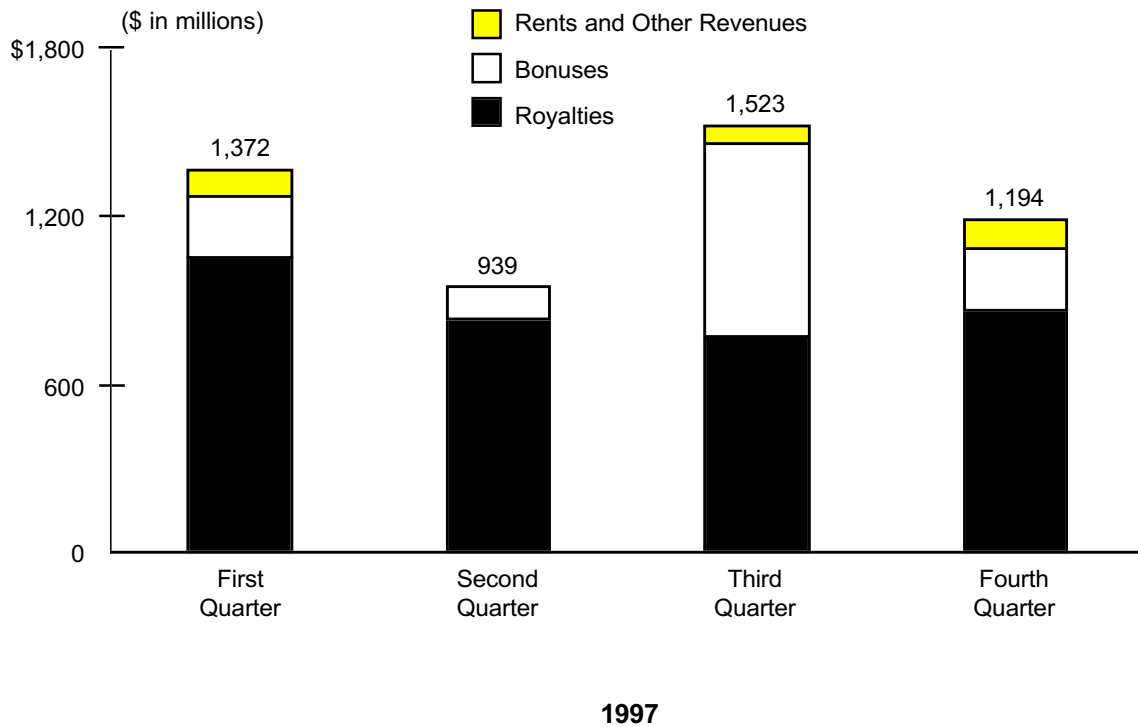
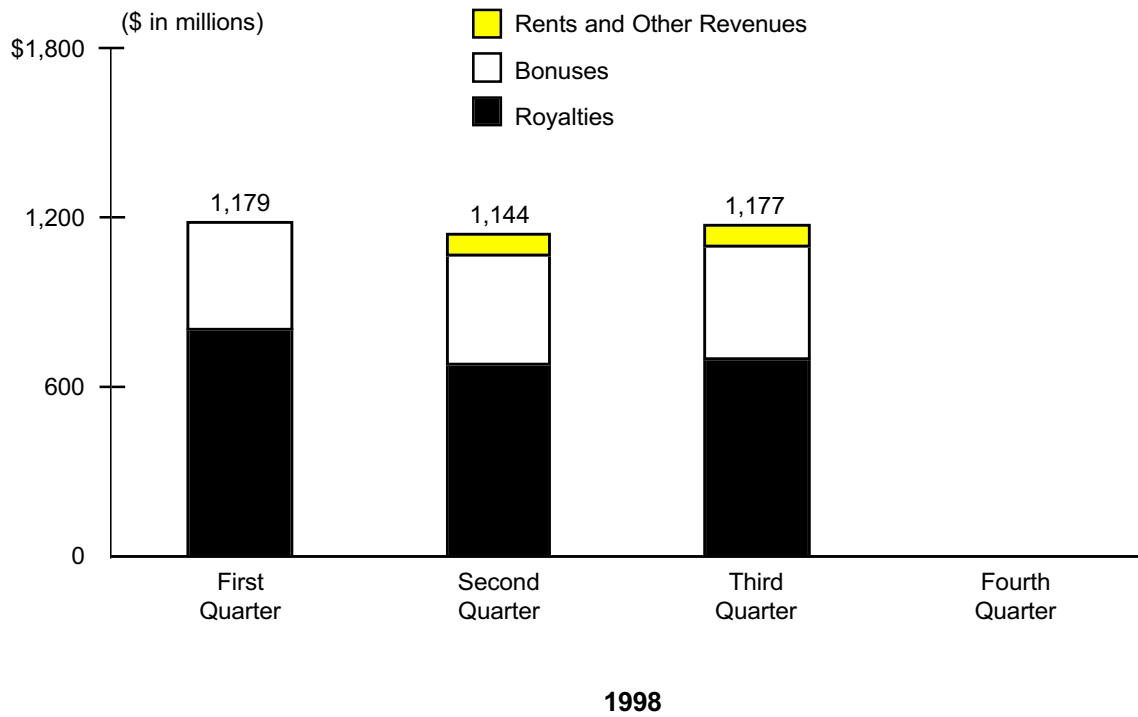


Figure 4. Revenues by source from OCS mineral leases, by quarter, Calendar Years 1997 and 1998

Table 7. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - September, 1998

	Sales Volume	Sales Value	Royalties/ Revenues
Gas			
Alabama	99,172,315	\$ 247,497,451	\$ 39,566,765
Alaska	---	---	---
California	20,860,162	38,975,088	5,643,727
Gulf of Mexico	4,343,093	11,310,973	1,772,149
Louisiana	2,872,720,610	7,097,781,048	1,110,402,464
Mississippi	11,413,464	27,912,225	4,628,842
Texas	648,917,726	1,553,085,020	260,813,274
Subtotal	3,657,427,370	\$ 8,976,561,805	\$ 1,422,827,221
Gas Lost			
California	21,583	\$ 46,324	\$ 7,721
Louisiana	21,154	55,089	7,026
Subtotal	42,737	\$ 101,413	\$ 14,747
Gas Plant Products			
Alabama	1,418,983	\$ 340,233	\$ 34,075
Alaska	---	---	---
California	24,335,313	8,474,172	507,338
Gulf of Mexico	---	---	---
Louisiana	1,010,565,430	313,511,629	37,454,983
Mississippi	---	---	---
Texas	79,171,625	19,521,824	2,483,156
Subtotal	1,115,491,351	\$ 341,847,858	\$ 40,479,552
Oil			
Alabama	11,567	\$ 73,354	\$ 12,150
Alaska	---	---	---
California	33,752,421	260,907,421	36,621,273
Gulf of Mexico	6,479	108,829	17,626
Louisiana	322,458,815	4,421,828,345	644,846,159
Mississippi	---	---	---
Texas	15,293,918	224,034,257	35,150,921
Subtotal	371,523,200	\$ 4,906,952,206	\$ 716,648,129
Sulfur			
Alabama	29,253	\$ 1,200,967	\$ 96,035
California	232	705	22
Louisiana	1,541,722	72,711,894	6,671,252
Subtotal	1,571,207	\$ 73,913,566	\$ 6,767,309
Royalty Total		\$ 14,299,376,848	\$ 2,186,736,958

Table 7. Summary of royalties, rents, bonuses, and other revenues from OCS mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Rents			
Alabama		\$	444,910
Alaska			712,406
California			---
Florida			34,701
Gulf of Mexico			88,084,724
Louisiana			49,874,762
Mississippi			115,200
New York			350,208
North Carolina			73,728
South Carolina			18,432
Texas			7,762,208
Rent Total		\$	147,471,279
Bonuses			
Alabama		\$	766,676
Alaska			11,620
Gulf of Mexico			963,363,464
Louisiana			151,221,460
Mississippi			1,844,754
Texas			51,339,771
Bonus Total		\$	1,168,547,745
Other Revenues			
Alabama		\$	(972,037)
Alaska			35,408
California			6,368,127
Gulf of Mexico			576,189
Louisiana			(2,652,144)
Mississippi			46,963
Texas			(5,555,517)
Virginia			360
Other Revenue Total		\$	(2,152,651)
Total Revenues			\$3,500,603,331

NOTE: Boundaries for offshore State areas have not been legally defined beyond the area identified in Section 8(g) of the Outer Continental Shelf Lands Act Amendments of 1985, Public Law 99-272. Beginning in 1996, revenues from new offshore leases issued in the Gulf of Mexico beyond the section 8(g) boundaries are listed in this report under "Gulf of Mexico." Revenues from leases issued within each State's 8(g) zone and leases previously identified with a particular State will continue to be listed under that State.

Collections identified as "Other Revenues" include minimum royalties, settlement payments, gas storage fees, payments for sand used for beach restoration, estimated payments, and recoupments. The decline in revenues is due to a number of recoupments for estimated royalty payments, particularly recoupments of estimated oil and gas royalties. Estimated payments by many payors exceeded royalty obligations when oil and gas prices fell in 1998.

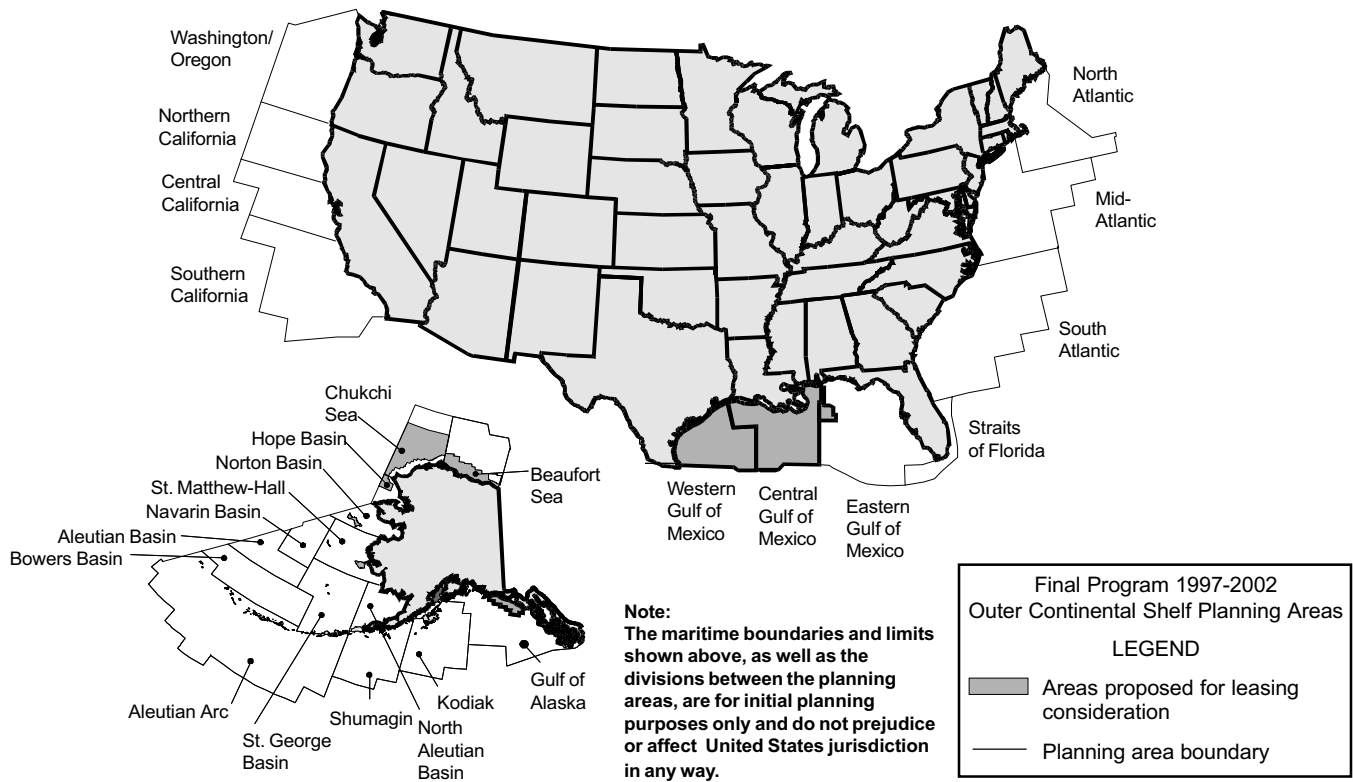


Fig. 5. Map of OCS regions in current OCS oil and gas leasing program

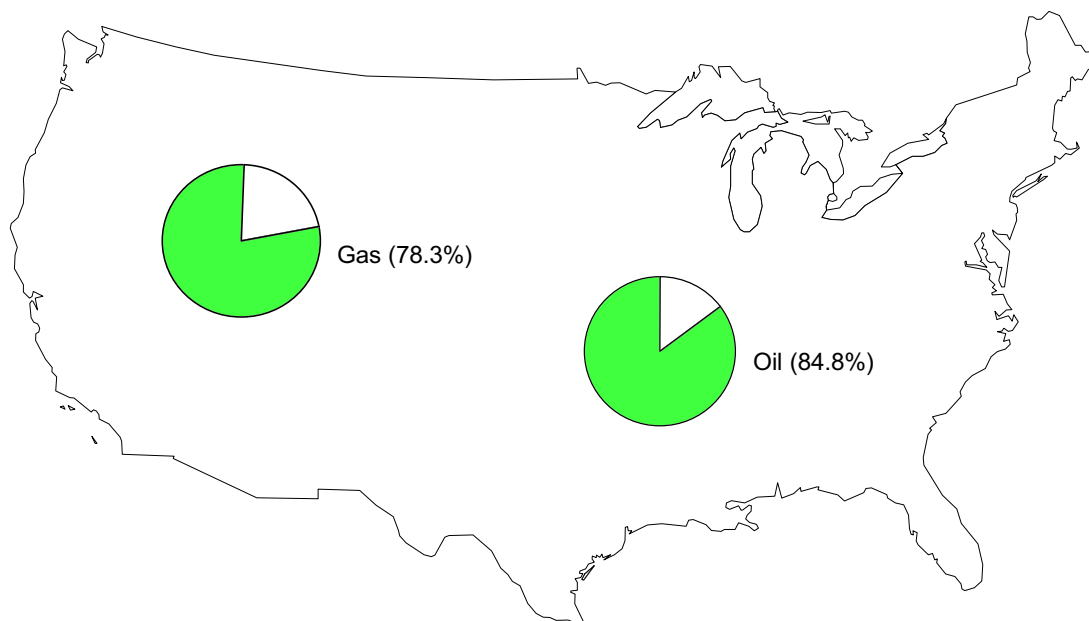
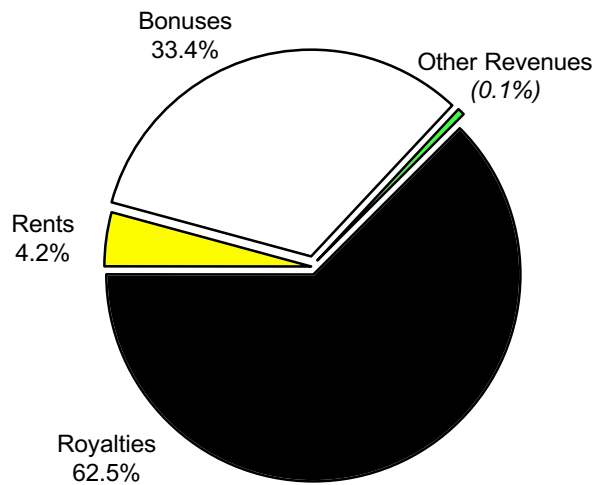
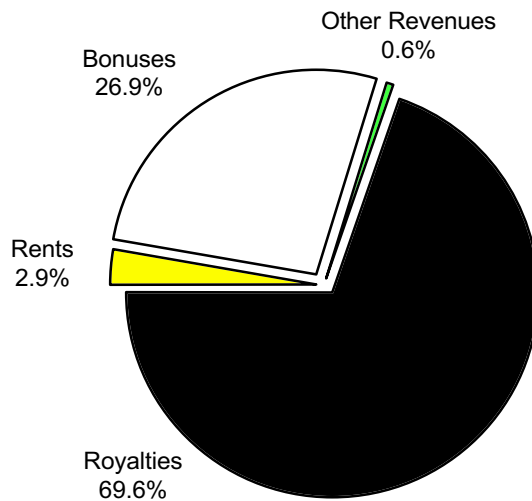


Figure 6. OCS royalties as a percentage of total Federal and Indian royalties from oil and gas, January - September, 1998



Royalties	\$2,186,736,958
Rents	147,471,279
Bonuses	1,168,547,745
Other Revenues	(2,152,651)
Total	\$3,500,603,331

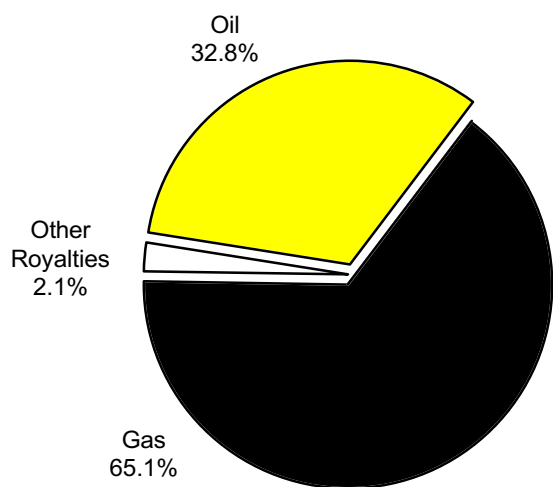
January - September, 1998



Royalties	\$2,666,779,300
Rents	112,912,316
Bonuses	1,030,414,637
Other Revenues	23,792,013
Total	\$3,833,898,266

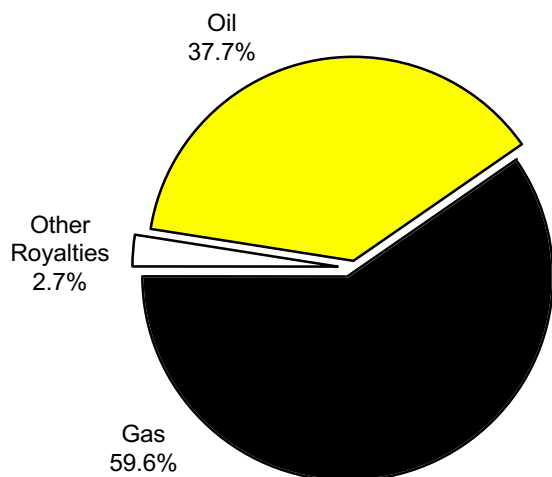
January - September, 1997

Figure 7. Revenues from OCS mineral leases by source, January - September, 1997 and 1998



Gas	\$1,422,827,221
Oil	716,648,129
Other Royalties	47,261,608
Total	\$2,186,736,958

January - September, 1998



Gas	\$1,589,465,852
Oil	1,004,834,023
Other Royalties	72,479,425
Total	\$2,666,779,300

January - September, 1997

Figure 8. Royalties from OCS mineral leases by commodity, January - September, 1997 and 1998

Onshore Federal Mineral Revenues



Photo courtesy of Questar Corporation

Table 8. Revenues from Federal onshore mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 77,805,892	\$ 63,137,570	\$ 74,552,948	\$ ---	\$ 215,496,410
Gas Royalties	120,712,823	109,268,859	106,126,102	---	336,107,784
Oil Royalties	40,724,119	32,591,206	31,429,118	---	104,744,443
Other Royalties . . .	<u>24,001,979</u>	<u>18,538,301</u>	<u>21,099,202</u>	<u>---</u>	<u>63,639,482</u>
Royalty Subtotal .	\$263,244,813	\$223,535,936	\$233,207,370	\$ ---	\$ 719,988,119
Rents	\$ 10,308,170	\$ 9,317,628	\$ 10,263,381	\$ ---	\$ 29,889,179
Bonuses	\$ 32,393,920	\$ 15,561,858	\$ 54,794,825	\$ ---	\$ 102,750,603
Other Revenues . .	<u>\$ 322,401</u>	<u>\$ 1,221,243</u>	<u>\$ 3,144,755</u>	<u>\$ ---</u>	<u>\$ 4,688,399</u>
Total	\$306,269,304	\$249,636,665	\$301,410,331	\$ ---	\$ 857,316,300

Table 9. Revenues from Federal onshore mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 73,191,736	\$ 65,357,169	\$ 78,787,232	\$ 68,215,973	\$ 285,552,110
Gas Royalties	148,763,470	114,382,016	96,405,933	117,004,201	476,555,620
Oil Royalties	62,927,696	49,716,517	48,986,289	52,031,318	213,661,820
Other Royalties . . .	<u>26,729,641</u>	<u>24,954,934</u>	<u>24,473,628</u>	<u>22,564,145</u>	<u>98,722,348</u>
Royalty Subtotal .	\$311,612,543	\$254,410,636	\$248,653,082	\$259,815,637	\$1,074,491,898
Rents	\$ 9,487,892	\$ 8,707,764	\$ 9,360,856	\$ 9,169,230	\$ 36,725,742
Bonuses	\$ 36,718,529	\$ 13,726,682	\$ 21,240,708	\$ 14,289,585	\$ 85,975,504
Other Revenues . .	<u>\$ 16,851,161</u>	<u>\$ (2,854,398)</u>	<u>\$ 2,066,950</u>	<u>\$ 35,498,584</u>	<u>\$ 51,562,297</u>
Total	\$374,670,125	\$273,990,684	\$281,321,596	\$318,773,036	\$1,248,755,441

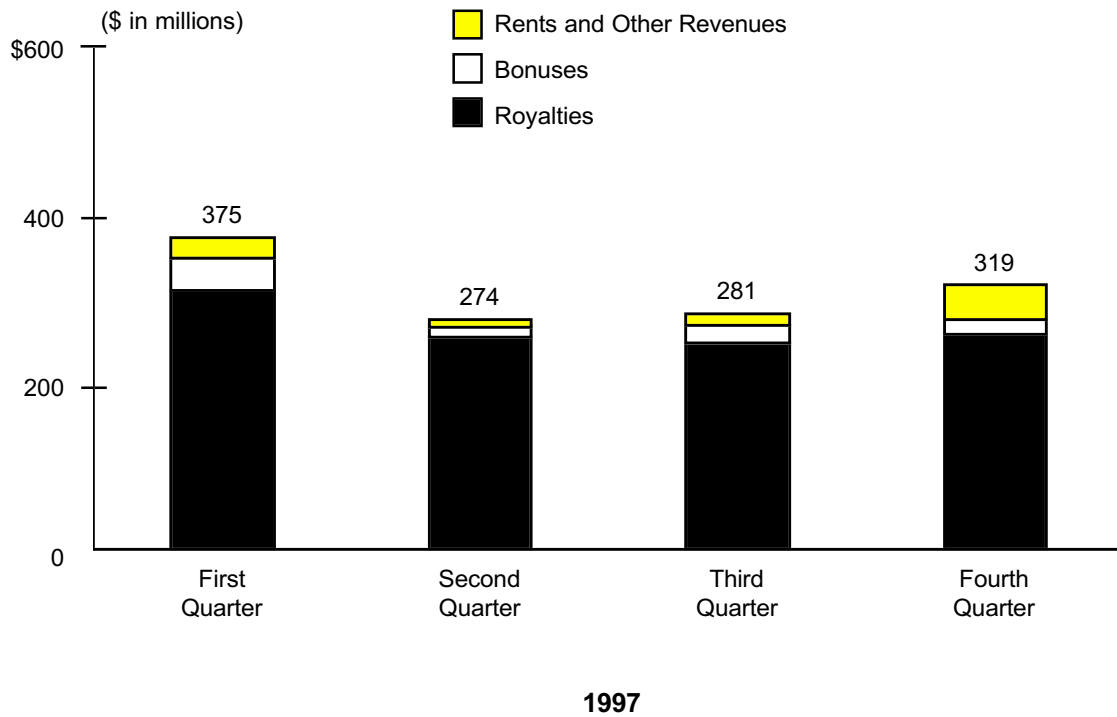
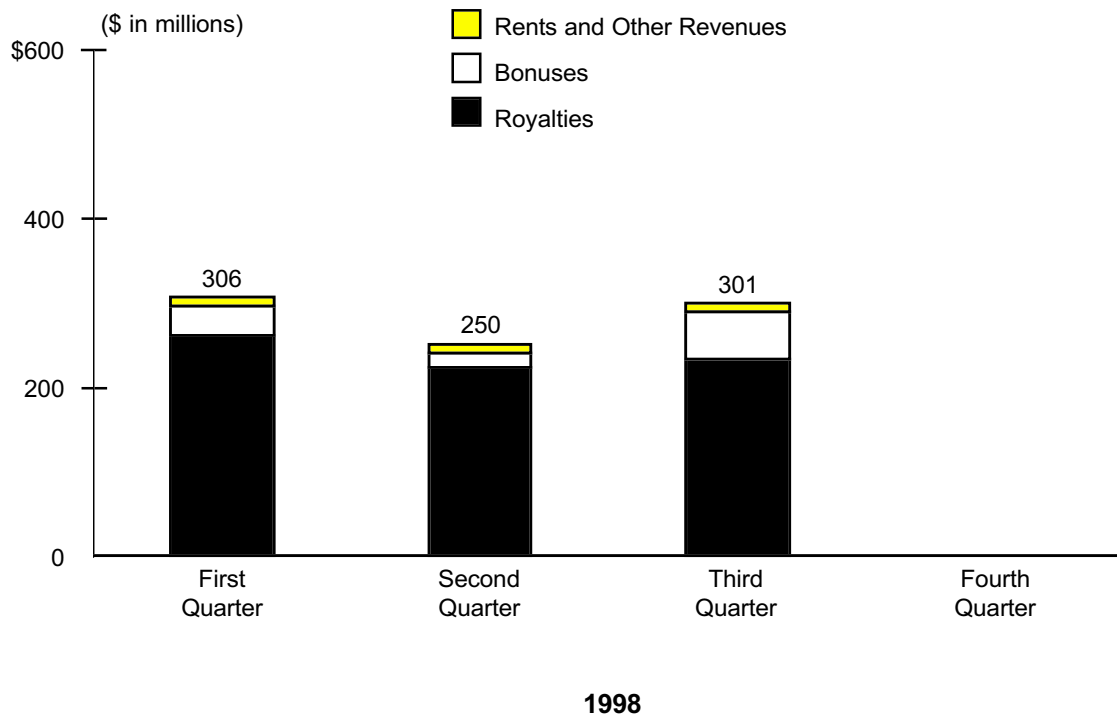


Figure 9. Revenues by source from Federal onshore mineral leases, by quarter, Calendar Years 1997 and 1998

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998

	Sales Volume	Sales Value	Royalties/ Revenues
Carbon Dioxide			
Colorado	212,550,419	\$ 134,268,613	\$ 8,183,587
New Mexico	10,000,382	3,800,731	472,872
Wyoming	<u>18,133,706</u>	<u>5,027,271</u>	<u>6,576</u>
Subtotal	240,684,507	\$ 143,096,615	\$ 8,663,035
Clay			
Alabama	55,545	\$ 111,090	\$ 4,444
Wyoming	<u>---</u>	<u>---</u>	<u>---</u>
Subtotal	55,545	\$ 111,090	\$ 4,444
Coal			
Alabama	400,366	\$ 17,965,123	\$ 1,384,092
Colorado	17,539,227	350,612,440	25,392,441
Kentucky	157,738	3,729,502	91,345
Montana	19,430,424	175,934,477	21,485,787
New Mexico	3,045,379	86,584,425	9,962,942
North Dakota	2,222,164	19,701,573	908,521
Oklahoma	531,000	15,497,311	402,433
Utah	17,505,727	376,877,148	25,651,947
Washington	497,144	14,387,885	1,046,720
Wyoming	<u>204,240,310</u>	<u>1,106,325,906</u>	<u>129,170,182</u>
Subtotal	265,569,479	\$ 2,167,615,790	\$ 215,496,410
Cobalt			
Missouri	25	\$ 95,362	\$ 3,368
Copper			
Missouri	12,326	\$ 6,130,692	\$ 112,522
Gas			
Alabama	806,526	\$ 1,609,309	\$ 201,384
Alaska	12,809,687	21,705,653	2,783,241
Arkansas	7,213,828	16,096,213	2,151,328
California	6,922,652	16,964,110	1,908,813
Colorado	59,453,098	121,547,439	13,955,182
Kansas	13,424,916	27,121,242	3,350,031
Kentucky	244,434	561,841	69,967
Louisiana	15,013,016	39,334,102	4,916,763
Michigan	3,805,234	8,842,483	1,078,730
Mississippi	914,388	2,391,238	290,730
Montana	9,526,428	22,198,244	2,711,275
New Mexico	776,223,865	1,557,113,027	175,602,542

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Gas (cont.)			
New York	19,838	\$ 57,381	\$ 7,154
North Dakota	3,751,780	5,484,371	635,696
Ohio	492,243	1,327,128	161,860
Oklahoma	10,417,639	24,280,417	3,002,899
Pennsylvania	94,582	140,927	18,025
South Dakota	268,941	455,357	55,437
Tennessee	---	---	---
Texas	34,572,885	79,213,610	9,561,019
Utah	46,886,581	96,112,870	12,188,229
Virginia	323,067	760,367	86,565
West Virginia	743,782	1,956,727	240,035
Wyoming	442,985,269	877,110,833	101,130,879
Subtotal	1,446,914,679	\$2,922,384,889	\$336,107,784
Gas Lost			
California	40,260	\$ 68,541	\$ 8,568
Colorado	3,179	8,073	1,009
New Mexico	6,750	13,271	1,659
Wyoming	21,106	39,860	4,982
Subtotal	71,295	\$ 129,745	\$ 16,218
Gas Plant Products			
Alabama	300	\$ 88	\$ 35
Alaska	(265,498)	(122,129)	(13,703)
Arkansas	---	---	---
California	2,002,205	696,640	50,948
Colorado	38,089,644	10,377,704	605,181
Kansas	3,037,495	923,623	84,474
Louisiana	7,207,113	2,882,845	252,826
Michigan	832,444	261,921	23,523
Montana	2,465,212	817,460	55,051
New Mexico	522,776,731	130,688,582	10,593,595
North Dakota	(89,004)	(36,492)	(3,883)
Oklahoma	489,181	127,791	14,511
Texas	2,855,769	782,704	97,426
Utah	11,101,840	4,955,510	306,931
Wyoming	206,638,538	51,659,635	3,915,800
Subtotal	797,141,970	\$ 204,015,882	\$ 15,982,715
Geothermal			
California	9,252,570	\$ 88,639,621	\$ 9,568,462
Nevada	1,692,824	38,833,386	3,874,043
Utah	603,801	1,418,933	141,893
Subtotal	11,549,195	\$ 128,891,940	\$ 13,584,398

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Gilsonite</i>			
Utah	10,034	\$ 2,670,740	\$ 161,348
<i>Hot Water</i>			
California	19,151	\$ 126,394	\$ 12,639
Nevada	9,327	35,442	3,545
New Mexico	<u>5,028</u>	<u>5,782</u>	<u>578</u>
Subtotal	33,506	\$ 167,618	\$ 16,762
<i>Langbeinite</i>			
New Mexico	732,948	\$ 66,086,316	\$ 1,319,326
<i>Lead</i>			
Missouri	169,702	\$ 73,741,340	\$ 1,751,024
<i>Limestone</i>			
Virginia	26,540	\$ 187,895	\$ 11,204
<i>Magnesium</i>			
Utah	26,455	\$ 340,141	\$ 10,205
<i>Nitrogen</i>			
North Dakota	25,006	\$ 5,000	\$ 601
Wyoming	<u>97</u>	<u>450</u>	<u>48</u>
Subtotal	25,103	\$ 5,450	\$ 649
<i>Oil</i>			
Alabama	59,870	\$ 803,608	\$ 93,472
Alaska	404,514	5,630,322	696,871
Arkansas	1,461	29,048	3,631
California	17,912,054	180,923,660	9,491,604
Colorado	4,246,441	64,288,820	8,337,769
Florida	7,624	113,792	14,224
Illinois	29,750	419,953	46,381
Kansas	184,940	2,659,522	284,433
Kentucky	8,385	115,853	2,215
Louisiana	808,037	12,189,771	1,440,059
Michigan	60,044	871,364	109,166
Mississippi	526,523	5,579,017	640,552
Montana	1,991,789	26,277,469	2,868,542
Nebraska	36,027	685,957	84,579

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Oil (cont.)			
Nevada	610,765	\$ 6,544,125	\$ 759,310
New Mexico	21,169,260	302,810,704	29,333,553
New York	---	---	---
North Dakota	4,663,206	63,603,372	7,565,031
Ohio	22,785	316,008	15,971
Oklahoma	128,151	1,877,656	212,409
Pennsylvania	454	8,571	57
South Dakota	159,727	2,259,225	286,543
Texas	600,145	7,231,291	718,967
Utah	3,476,028	45,157,873	4,609,174
West Virginia	21,397	275,484	34,435
Wyoming	28,516,165	346,681,422	37,095,495
Subtotal	85,645,542	\$1,077,353,887	\$104,744,443
Oil Lost			
California	85,509	\$ 723,463	\$ 40,514
Colorado	(233)	(4,574)	(229)
New Mexico	55	1,000	125
Subtotal	85,331	\$ 719,889	\$ 40,410
Phosphate			
Florida	---	\$ ---	\$ ---
Idaho	3,972,536	69,320,747	3,466,037
Subtotal	3,972,536	\$ 69,320,747	\$ 3,466,037
Potash			
California	198	\$ 29,839	\$ 1,492
New Mexico	909,316	90,953,751	1,745,727
Utah	16,487	1,530,610	45,918
Subtotal	926,001	\$ 92,514,200	\$ 1,793,137
Purge Liquor			
Wyoming	31,039	\$ 649,444	\$ 37,617
Quartz Crystals			
Arkansas	33,892	\$ 58,520	\$ 2,076
Sand and Gravel			
Nevada	1,583,852	\$ 4,865,888	\$ 361,835
Sodium			
Arizona	468	\$ 15,444	\$ 772
California	706,215	58,651,980	2,888,980
Colorado	57,394	7,893,080	394,654

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Sodium (cont.)			
New Mexico	355,870	\$ 488,779	\$ 24,593
Utah	4,833	29,815	770
Wyoming	<u>2,851,616</u>	<u>213,433,995</u>	<u>12,003,890</u>
Subtotal	3,976,396	\$ 280,513,093	\$ 15,313,659
Sulfur			
Alabama	292	\$ 12,462	\$ 1,558
California	4,220	25,320	1,266
Montana	(1,221)	(16,231)	(644)
New Mexico	4,518	11,877	748
North Dakota	(106)	(673)	(83)
Utah	4,978	21,904	2,738
Wyoming	<u>403,678</u>	<u>9,635,794</u>	<u>177,749</u>
Subtotal	416,359	\$ 9,690,453	\$ 183,332
Trona Ore			
California	---	\$ ---	\$ ---
Wyoming	<u>16,854</u>	<u>1,071,220</u>	<u>54,835</u>
Subtotal	16,854	\$ 1,071,220	\$ 54,835
Zinc			
Missouri	42,133	\$ 24,006,536	\$ 749,326
Royalty Total		\$7,276,435,382	\$719,988,119
Rents			
Alabama			\$ 22,738
Alaska			9,083
Arizona			132,843
Arkansas			289,878
California			316,609
Colorado			2,883,587
Florida			3,807
Georgia			(1,089)
Idaho			9,898
Illinois			516
Kansas			(15,402)
Kentucky			19,832
Louisiana			379,479
Maryland			496

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Rents (cont.)			
Michigan			\$ 100,533
Minnesota			900
Mississippi			594,531
Missouri			(161,417)
Montana			1,724,576
Nebraska			4,992
Nevada			2,383,333
New Mexico			2,384,205
North Dakota			656,118
Ohio			21,712
Oklahoma			202,256
Oregon			86,074
Pennsylvania			3
South Dakota			282,482
Texas			279,428
Utah			3,629,411
Virginia			1,662
Washington			15,817
West Virginia			17,099
Wisconsin			426
Wyoming			13,612,763
Rent Total			\$29,889,179
Bonuses			
Alabama			\$ 4,543
Arizona			149,827
Arkansas			212,428
California			669,733
Colorado			5,099,140
Idaho			13,230
Kansas			9,910
Kentucky			1,040
Louisiana			365,187
Michigan			---
Mississippi			436,599
Montana			1,770,203
Nevada			285,879
New Mexico			11,724,894
North Dakota			538,864
Oklahoma			927,327
South Dakota			4,674

Table 10. Summary of royalties, rents, bonuses, and other revenues from Federal onshore mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Bonuses (cont.)			
Texas			\$ 100,913
Utah			3,989,661
Washington			---
Wyoming			76,446,551
Bonus Total			\$ 102,750,603
Other Revenues			
Alabama			\$ (40,700)
Alaska			(54,891)
Arkansas			167,237
California			1,761,622
Colorado			(45,789)
Florida			1,891
Georgia			1,300
Idaho			56,565
Illinois			138
Kansas			89,347
Kentucky			22,264
Louisiana			(286,426)
Maryland			9,478
Michigan			8,655
Minnesota			48,660
Mississippi			4,751
Missouri			27,872
Montana			934,750
Nebraska			13,029
Nevada			9,090
New Mexico			(154,840)
New York			---
North Carolina			474
North Dakota			58,633
Ohio			713
Oklahoma			127,977
Pennsylvania			18,932
South Dakota			10,997
Texas			66,832
Utah			643,255
Virginia			500
West Virginia			72,373
Wyoming			1,113,710
Other Revenue Total			\$ 4,688,399
Total Revenues			\$ 857,316,300

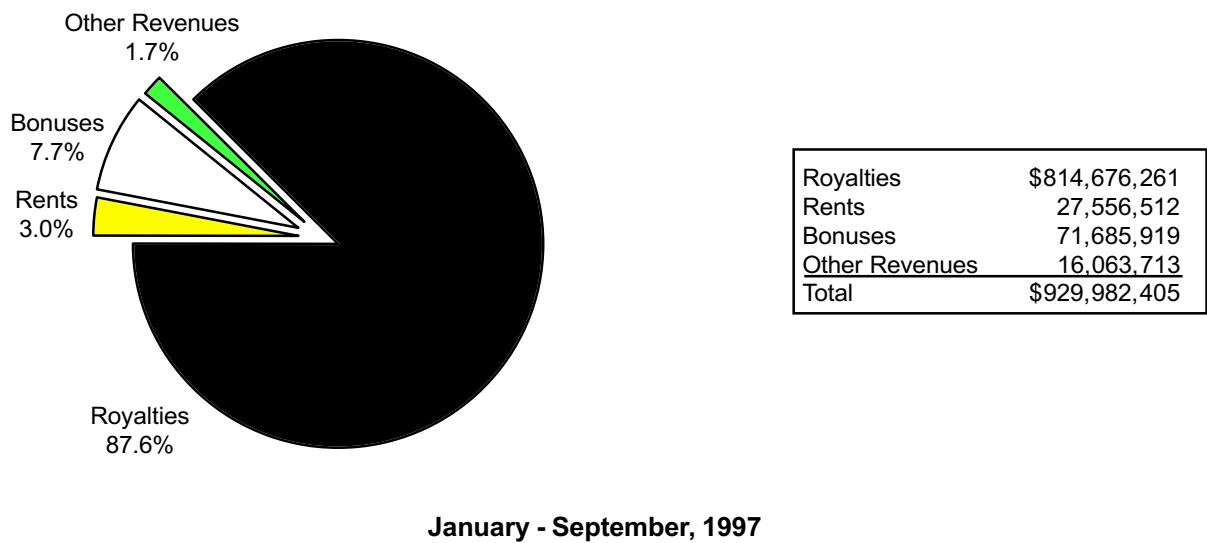
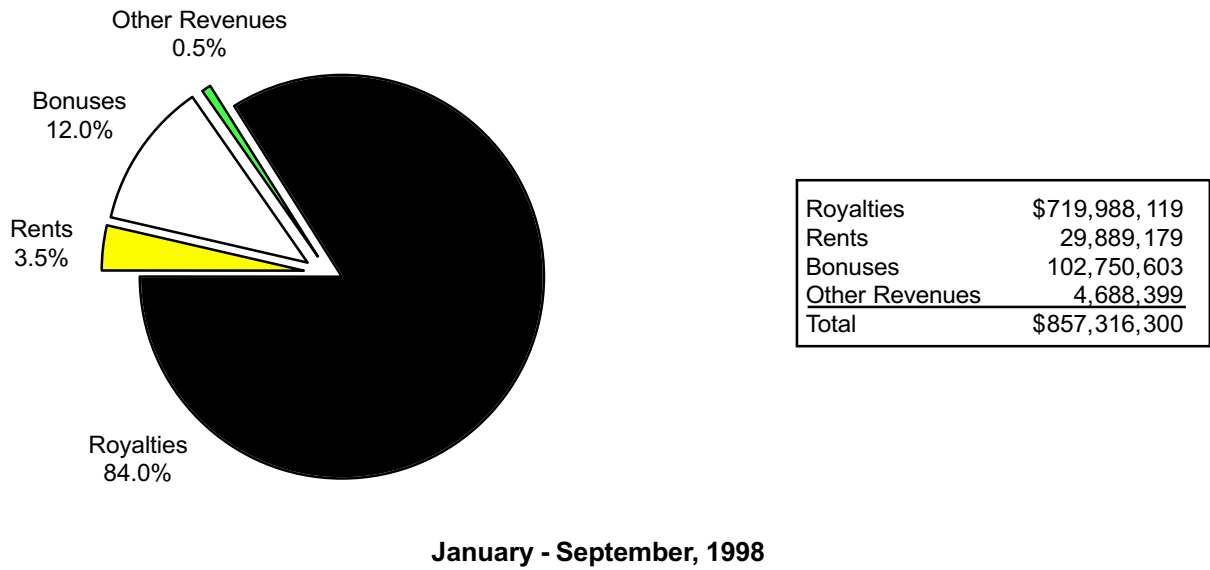
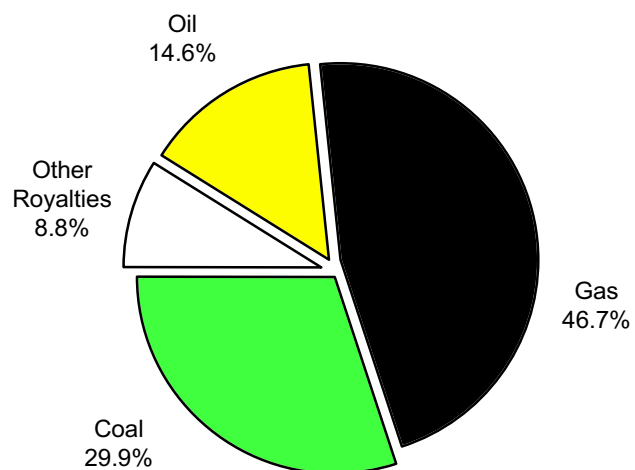
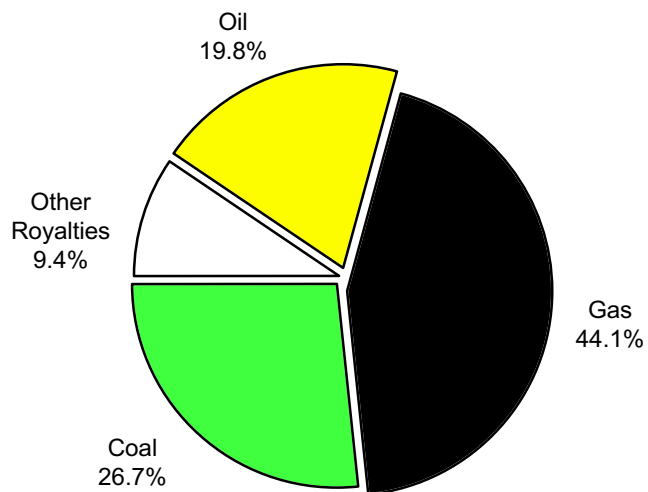


Figure 10. Revenues from Federal onshore mineral leases by source, January - September, 1997 and 1998



Coal	\$215,496,410
Gas	336,107,784
Oil	104,744,443
Other Royalties	63,639,482
Total	\$719,988,119

January - September, 1998



Coal	\$217,336,137
Gas	359,551,419
Oil	161,630,502
Other Royalties	76,158,203
Total	\$814,676,261

January - September, 1997

**Figure 11. Royalties from Federal onshore mineral leases by commodity,
January - September, 1997 and 1998**

Indian Mineral Revenues



Photo courtesy of Corel Corporation

Table 11. Revenues from Indian mineral leases, by quarter, Calendar Year 1998

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 15,076,834	\$ 10,835,505	\$ 15,441,112	\$ ---	\$ 41,353,451
Gas Royalties	20,413,241	18,445,005	18,891,253	---	57,749,499
Oil Royalties	8,848,171	8,004,858	6,919,581	---	23,772,610
Other Royalties . . .	<u>1,801,608</u>	<u>2,421,531</u>	<u>2,334,503</u>	<u>---</u>	<u>6,557,642</u>
Royalty Subtotal	\$ 46,139,854	\$ 39,706,899	\$ 43,586,449	\$ ---	\$ 129,433,202
Rents	\$ 168,734	\$ 237,177	\$ 288,324	\$ ---	\$ 694,235
Bonuses	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Other Revenues . .	<u>\$ 979,872</u>	<u>\$ 1,770,900</u>	<u>\$ 5,470,374</u>	<u>\$ ---</u>	<u>\$ 8,221,146</u>
Total	\$ 47,288,460	\$ 41,714,976	\$ 49,345,147	\$ ---	\$ 138,348,583

NOTE: Indian bonuses are collected by the Bureau of Indian Affairs.

Table 12. Revenues from Indian mineral leases, by quarter, Calendar Year 1997

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Total
Coal Royalties	\$ 15,742,090	\$ 14,580,343	\$ 17,523,344	\$ 18,780,857	\$ 66,626,634
Gas Royalties	20,277,525	18,927,023	15,982,887	25,222,348	80,409,783
Oil Royalties	12,940,317	10,348,358	10,469,227	14,780,483	48,538,385
Other Royalties . . .	<u>2,045,220</u>	<u>2,558,101</u>	<u>1,740,595</u>	<u>3,327,973</u>	<u>9,671,889</u>
Royalty Subtotal	\$ 51,005,152	\$ 46,413,825	\$ 45,716,053	\$ 62,111,661	\$ 205,246,691
Rents	\$ 153,405	\$ 432,173	\$ 123,703	\$ 228,812	\$ 938,093
Bonuses	\$ ---	\$ ---	\$ ---	\$ ---	\$ ---
Other Revenues . .	<u>\$ 1,138,352</u>	<u>\$ 60,141</u>	<u>\$ 220,009</u>	<u>\$ 6,199,872</u>	<u>\$ 7,618,374</u>
Total	\$ 52,296,909	\$ 46,906,139	\$ 46,059,765	\$ 68,540,345	\$ 213,803,158

NOTE: Indian bonuses are collected by the Bureau of Indian Affairs.

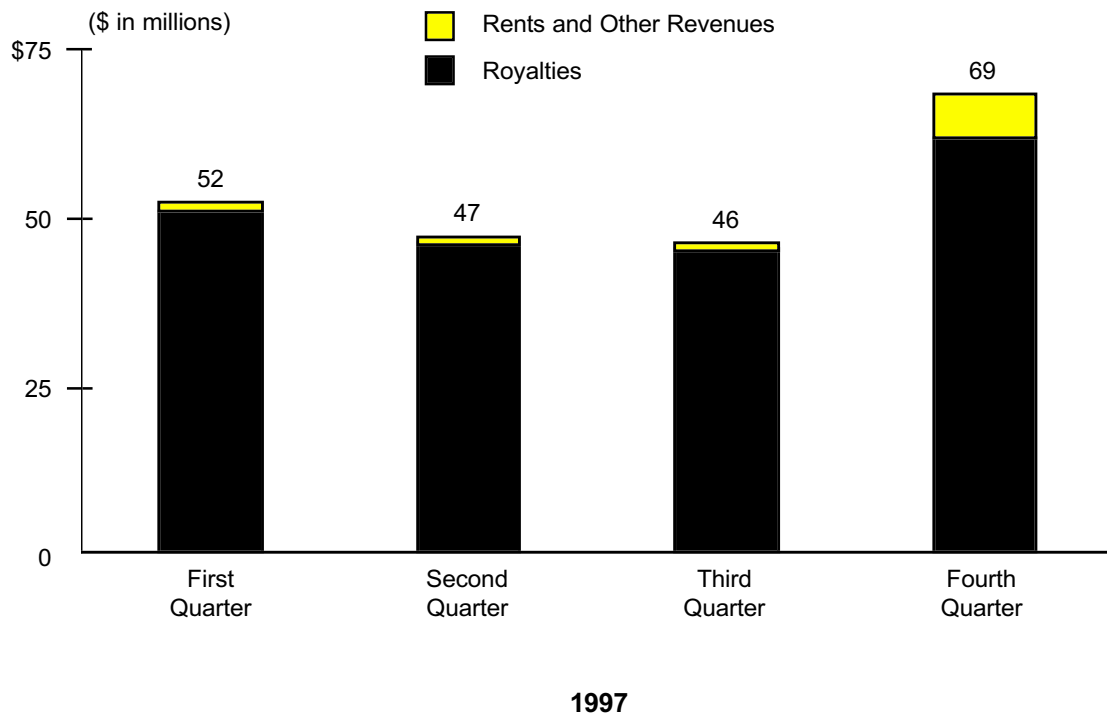
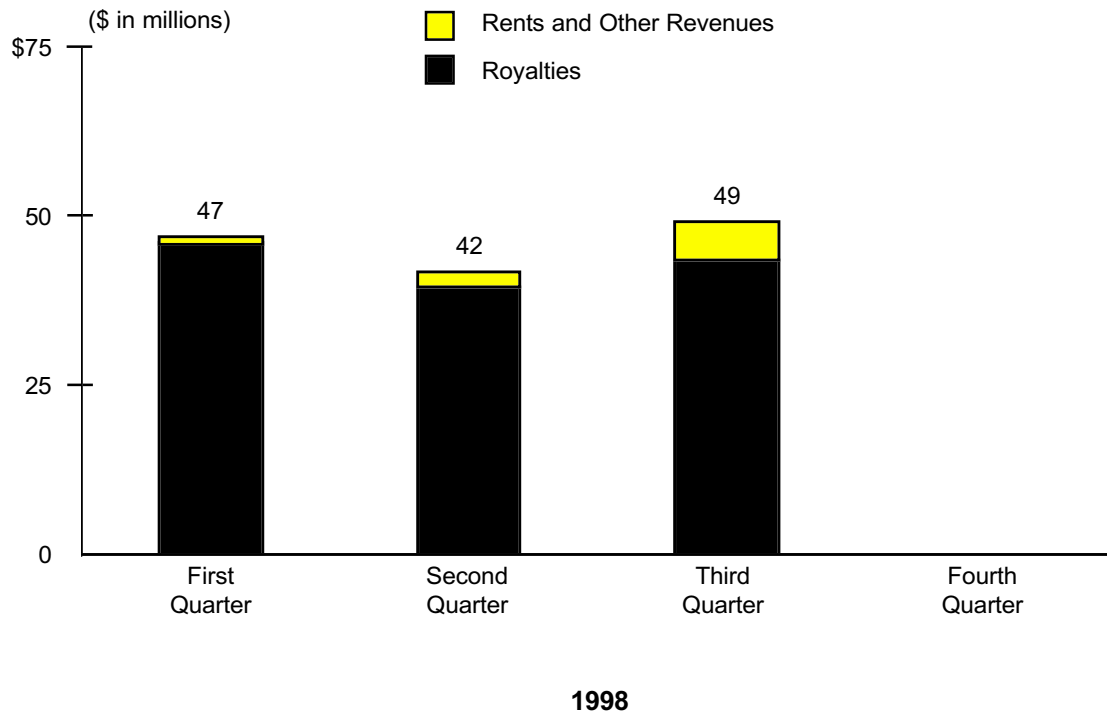


Figure 12. Revenues by source from Indian mineral leases, by quarter, Calendar Years 1997 and 1998

Table 13. Summary of royalties, rents, and other revenues from Indian mineral leases, January - September, 1998

	Sales Volume	Sales Value	Royalties/ Revenues
Clay			
Arizona	148,052	\$ 96,234	\$ 9,623
Coal			
Arizona	10,714,386	\$235,502,207	\$28,472,217
Montana	5,006,322	29,112,855	2,376,633
New Mexico	<u>4,673,248</u>	<u>81,875,304</u>	<u>10,504,601</u>
Subtotal	20,393,956	\$346,490,366	\$41,353,451
Copper			
Arizona	10,697	\$ 4,451,377	\$ 412,198
Gas			
Arizona	110,551	\$ 171,442	\$ 27,811
Colorado	125,492,566	219,717,822	30,831,682
Montana	1,111,784	1,901,244	283,936
New Mexico	40,511,820	89,099,509	11,648,033
North Dakota	121,983	202,064	26,272
Oklahoma	15,094,106	36,388,982	6,001,176
Texas	8,597,307	21,214,763	4,115,168
Utah	4,558,251	10,381,338	1,526,424
Wyoming	<u>10,687,925</u>	<u>19,428,734</u>	<u>3,288,997</u>
Subtotal	206,286,293	\$398,505,898	\$57,749,499
Gas Lost			
Arizona	---	\$ ---	\$ ---
Colorado	---	---	---
New Mexico	<u>18,865</u>	<u>22,935</u>	<u>2,867</u>
Subtotal	18,865	\$ 22,935	\$ 2,867
Gas Plant Products			
Arizona	---	\$ ---	\$ ---
Colorado	456,070	56,647	5,668
Montana	269,447	63,163	4,876
New Mexico	35,695,198	7,782,533	718,679
North Dakota	466,521	125,017	8,623
Oklahoma	3,767,244	1,009,375	152,567
Texas	16,058,126	3,512,632	474,428
Utah	3,824,688	723,263	51,383
Wyoming	<u>259,878</u>	<u>82,176</u>	<u>11,303</u>
Subtotal	60,797,172	\$ 13,354,806	\$ 1,427,527
Gypsum			
New Mexico	463,700	\$ 1,854,801	\$ 503,579

Table 13. Summary of royalties, rents, and other revenues from Indian mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
<i>Limestone</i>			
Oklahoma	75,033	\$ 303,884	\$ 8,254
<i>Oil</i>			
Arizona	52,270	\$ 689,362	\$ 113,935
Colorado	88,718	1,314,768	204,420
Michigan	384	5,221	691
Montana	562,309	7,335,433	1,161,305
New Mexico	586,423	8,353,881	1,152,606
North Dakota	65,934	872,368	126,553
Oklahoma	1,224,326	17,059,921	2,635,357
South Dakota	408	2,312	462
Texas	626,057	9,463,505	1,855,016
Utah	6,401,822	91,324,022	13,618,144
Wyoming	1,318,773	14,037,211	2,904,121
Subtotal	10,927,424	\$ 150,458,004	\$ 23,772,610
<i>Oil Lost</i>			
Colorado	10	\$ 136	\$ 17
Oklahoma	---	---	---
Subtotal	10	\$ 136	\$ 17
<i>Phosphate</i>			
Idaho	104	\$ 5,280	\$ 396
<i>Sand and Gravel</i>			
Arizona	2,693,672	\$ 12,300,133	\$ 2,012,302
California	956,380	3,630,142	887,933
Colorado	2,189	9,572	1,489
Nevada	547,440	2,769,928	222,425
New Mexico	1,322,928	3,339,568	821,200
Oklahoma	9,892	13,911	6,142
Utah	100,000	507,884	59,067
Washington	305,910	758,221	168,249
Subtotal	5,938,411	\$ 23,329,359	\$ 4,178,807
<i>Silica Sand</i>			
Arizona	32,570	\$ 731,155	\$ 14,331
<i>Sulfur</i>			
North Dakota	76	\$ 338	\$ 43
Royalty Total		\$ 939,604,573	\$ 129,433,202

Table 13. Summary of royalties, rents, and other revenues from Indian mineral leases, January - September, 1998 (cont.)

	Sales Volume	Sales Value	Royalties/ Revenues
Rents			
Arizona			\$ 90,326
Colorado			34,578
Idaho			200
Michigan			169
Montana			24,227
New Mexico			264,941
North Dakota			6,068
Oklahoma			102,208
South Dakota			800
Utah			141,485
Wyoming			29,233
Rent Total			\$ 694,235
Other Revenues			
Arizona			\$ 955,677
California			---
Colorado			729,957
Idaho			1,200
Montana			8,095
Nevada			---
New Mexico			(173,304)
North Dakota			2,182
Oklahoma			900,969
Texas			(30,700)
Utah			5,730,267
Washington			6,000
Wyoming			90,803
Other Revenue Total			\$ 8,221,146
Total Revenues			\$ 138,348,583

NOTE: This table does not include sales volume, sales value, or revenues for Indian nonstandard leases and agreements.

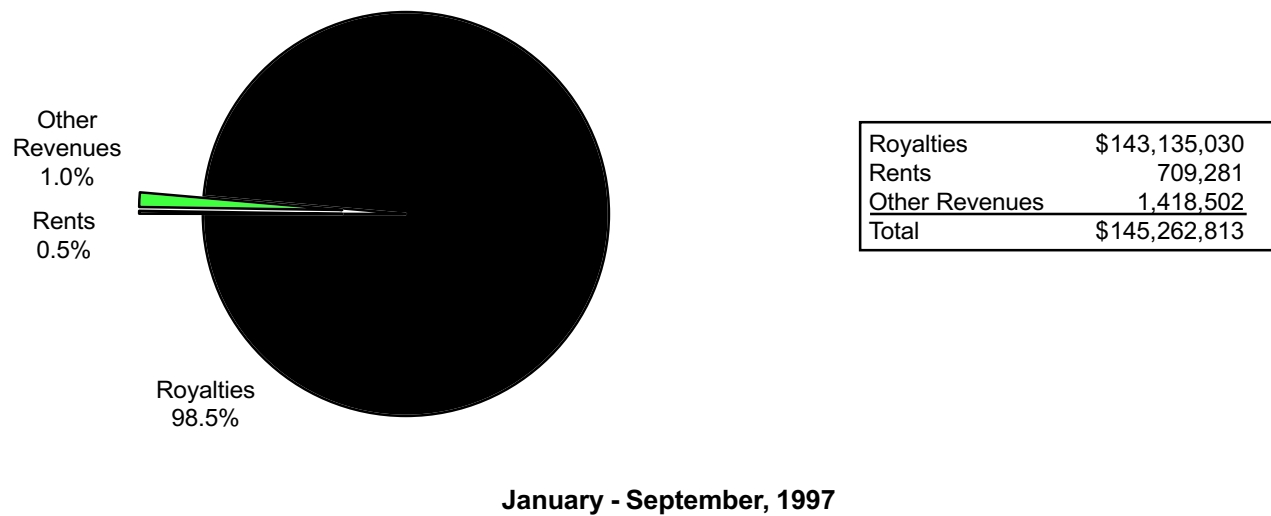
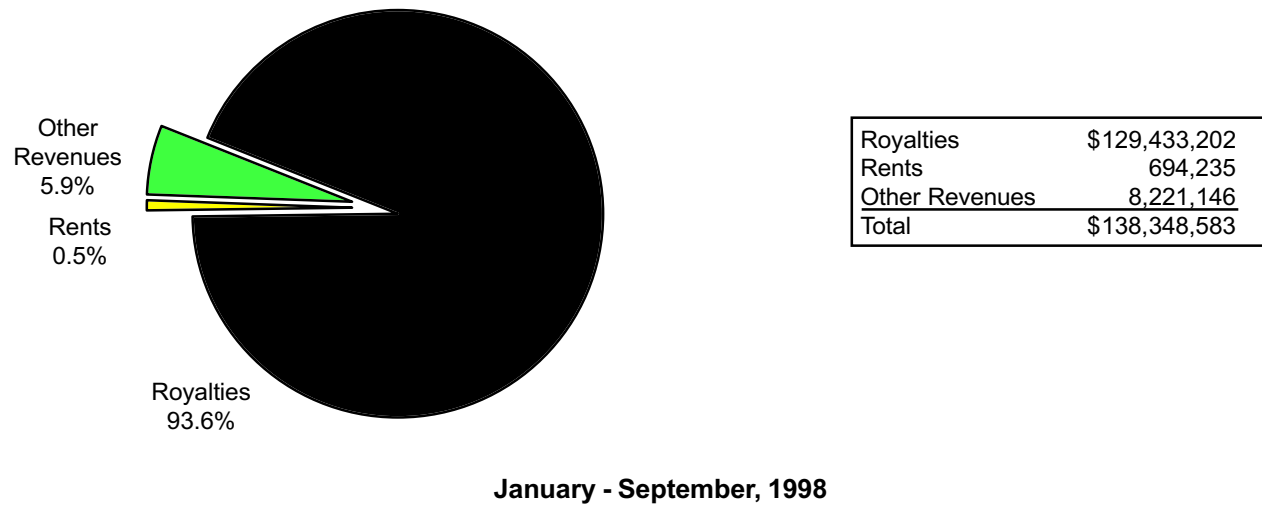
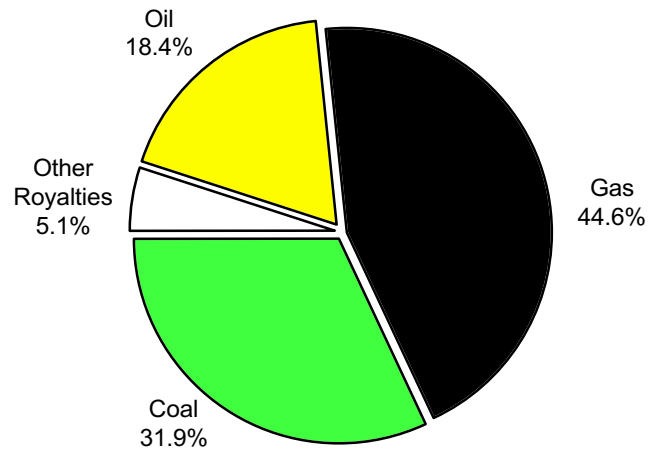
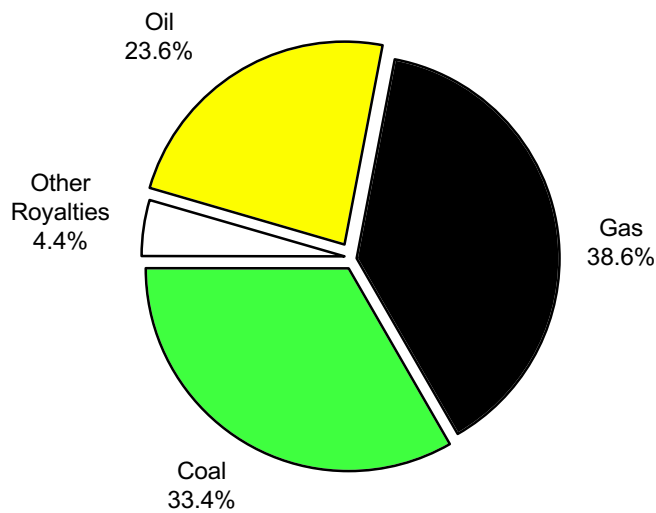


Figure 13. Revenues from Indian mineral leases by source, January - September, 1997 and 1998



Coal	\$ 41,353,451
Gas	57,749,499
Oil	23,772,610
Other Royalties	<u>6,557,642</u>
Total	\$129,433,202

January - September, 1998



Coal	\$ 47,845,777
Gas	55,187,435
Oil	33,757,902
Other Royalties	<u>6,343,916</u>
Total	\$143,135,030

January - September, 1997

Figure 14. Royalties from Indian mineral leases by commodity, January - September, 1997 and 1998

Glossary

Acquired lands — Lands in Federal ownership that the Government obtained by deed through purchase, gift, exchange, or condemnation proceedings.

Allowance — An allowable deduction from value for royalty purposes.

Auditing and Financial System — A computer system application operated by the Minerals Management Service for collecting and disbursing royalties from producing leases and rents from nonproducing leases on Federal and Indian lands.

Barrel/bbl — A measure of volume for petroleum products. One barrel is equivalent to 42 U.S. gallons or 0.1589 cubic meters. One cubic meter equals 6.293 barrels.

BIA — Bureau of Indian Affairs. A Federal agency within the Department of the Interior responsible for facilitating the full development of the human and natural resource potential of Indian and Alaskan Native people to manage their own affairs under a trust relationship with the Federal Government.

Bonus — The cash consideration paid to the United States by the successful bidder for a mineral lease. The payment is made in addition to the rent and royalty obligations specified in the lease.

Bureau of Land Management — A Federal agency within the Department of the Interior that administers public lands and natural resources. Bureau of Land Management programs provide for the protection, orderly development, and use of public lands and resources under principles of multiple use and sustained yield.

Business Information System — A computer system application operated by the Minerals Management Service. The Business Information System is an enhanced version of the former State and Tribal Support System and is compatible with the post-Business Systems Planning Implementation

architecture. The Business Information System provides States, Indian Tribes, and other Federal agencies access to Auditing and Financial System data and selected Production Accounting and Auditing System data.

Competitive leasing — The Federal Government issues leases on Federal onshore lands where there are known mineral deposits, or where inference of probable mineralization may be derived from knowledge of the geology of the land. The lands are offered for lease by competitive bidding following publication of the offer of the lands for lease. The lease is issued to the highest bidder at a sale by public auction. The Federal Government offers leases of certain Outer Continental Shelf tracts by competitive sealed bid. The bids are received, announced, and recorded and the lease is generally issued to the highest bidder. See **Noncompetitive leasing**.

Department of Energy — A Cabinet-level department in the Executive Branch of the Federal Government responsible for coordinating a comprehensive and balanced national energy plan. The Department of Energy is responsible for long-term research and development of energy technology; marketing Federal power; energy conservation; the nuclear weapons program; and a central energy data collection and analysis program.

Department of the Interior — A Cabinet-level department in the Executive Branch of the Federal Government, responsible for the administration of most of the nationally owned public lands and natural resources. The Department of the Interior is further responsible for American Indian reservation communities and for individuals who live in Island Territories under U.S. administration.

Effective date — The date a lease or assignment becomes effective. The effective date for a lease is the first day of the month after the issue date or, upon applicant request, the first day of the month of issuance. The effective date for an assignment is the

first day of the month after proper filing of all required documents.

Electronic data interchange — A process designed to exchange information electronically to reduce paper report volume, reduce errors and expedite error correction, and provide a more current database.

Explanation of payment reports — A series of reports produced by the Minerals Management Service Royalty Management Program, mailed twice each month to Indian Tribes and once each month to States. The reports for Indian allottees are produced and distributed twice each month by the Bureau of Indian Affairs with information supplied by the Royalty Management Program. The reports address the source and nature of mineral revenue disbursements.

Federal land — All land and interests in land owned by the Federal Government, including Outer Continental Shelf, public domain, acquired, and military lands.

Federal Oil and Gas Royalty Simplification and Fairness Act — Public Law 104-185, 110 Stat. 1700, enacted to amend the Federal Oil and Gas Royalty Management Act of 1982 and revise Minerals Management Service procedures in several respects.

FOGRMA — Federal Oil and Gas Royalty Management Act of 1982, Public Law 97-451, 30 U.S.C. 1701 *et seq.*, enacted to ensure that royalties from oil and gas produced from Federal and Indian lands and the Outer Continental Shelf are properly collected and accounted for under the direction of the Secretary of the Interior.

FY — Fiscal Year. A period of time used for accounting purposes. The Federal Government recognizes a fiscal year that begins October 1 of one year and ends September 30 of the following year.

Indian allotment — An allocation of a parcel of public lands or Indian reservation lands to an Indian for individual use. Revenue from mineral production from leases on Indian allotments is paid to the individual Indian allottee. See **Indian allottee**.

Indian allottee — Any Indian who holds title to land or an interest in land subject to Federal restrictions against alienation. See **Indian allotment**.

Indian land — Lands owned by Indians, including either Tribal lands held in trust by the United States or subject to Federal restrictions against alienation, or allotted land owned by an individual Indian with Federal restrictions against alienation. The Bureau of Indian Affairs monitors Indian leases.

Lease — A legal document executed between a landowner, as lessor, and a company or individual, as lessee, that conveys the right to exploit the premises for minerals or other products for a specified period of time over a given area.

LWCF — Land and Water Conservation Fund. The Land and Water Conservation Act of 1965 created a fund, currently administered by the National Park Service, to provide revenues for the Federal Government, State governments, and local governments to purchase parks and recreation areas and to plan, acquire, and develop land and water resources for recreational use. Approximately 10-30 percent of the legislated yearly minimum of \$900 million is provided through revenues from surplus property sales and receipts from the motorboat fuels tax. The remaining 70-90 percent of the legislated yearly minimum is provided from offshore mineral leasing under the provisions of the Outer Continental Shelf Lands Act, as amended.

Mcf — Thousand cubic feet.

Military acquired lands — Lands acquired with military funds under military acquisition laws.

Mineral — Naturally occurring organic or inorganic substances with characteristics and uses that bring them within the purview of mineral laws. Minerals may be obtained under applicable laws from public lands by purchase, lease, or preemptive entry.

Mineral Leasing Act for Acquired Lands of 1947, as amended, 30 U.S.C. 351 *et seq.* — An act that extends mineral leasing laws, including the Mineral Leasing Act of 1920 and subsequent amendments, to all lands acquired by the United States and authorizes

mineral leasing on those lands. Mineral leases on acquired lands cannot be issued without the concurrence of the acquiring agency. The act requires disbursement of mineral receipts from acquired lands in the manner prescribed by legislation governing the type of land in question, including acquired national grasslands, and acquired national forest lands. See **MLA**.

Minimum royalty — An annual payment on a per-acre basis, required to maintain the rights to a lease until production exceeds a minimum value. Once annual production exceeds the minimum value, minimum royalty payments are no longer required in that lease year.

MLA — Mineral Leasing Act of 1920, as amended, 30 U.S.C. 181 *et seq.* An act, with subsequent amendments, that promotes the production of coal, gas, oil, oil shale, phosphate, potassium, and sodium on Federal public domain lands. The act establishes procedures to explore and develop each of these minerals and specifies terms and conditions for issuing permits and leases. Rental and royalty terms are specified for each mineral, and general conditions are established for pipeline right-of-way, lease diligence, royalty disposition, and holding restrictions. The act requires sharing royalty and other lease revenues with the States. The Secretary of the Interior is authorized to promulgate rules and regulations to implement and enforce the act.

MMS — Minerals Management Service. A Federal agency within the Department of the Interior that administers the Offshore Minerals Management Program and the Royalty Management Program. The Offshore Minerals Management Program is responsible for the Outer Continental Shelf leasing program and for ensuring that exploration and production of the Nation's offshore mineral resources is conducted in a safe manner with concern for the environment. The Royalty Management Program is responsible for the accurate and timely determination, collection, and distribution of royalties from Federal and Indian lands, and bonuses and rents from Federal lands.

Net profit share lease — An Outer Continental Shelf lease that provides for payment to the United States of

a percentage share of the net profits for production of oil and gas from the tract. The percentage share may be fixed in the notice of the lease sale or may be a variable of the bid, depending on the bidding system used for the lease sale.

NHPF — National Historic Preservation Fund. A fund, administered by the National Park Service, designed to expand and accelerate historic preservation plans and activities. NHPF provides revenues for matching grants-in-aid to States and local governments, and funds the National Trust for Historic Preservation. Offshore mineral leasing provides 100 percent of fund revenues.

Noncompetitive leasing — Leases issued to qualified applicants for land not specifically known or presumed to contain mineral or petroleum deposits in quantity. See **Competitive leasing**.

OCS — Outer Continental Shelf. All submerged lands seaward and outside the area of lands beneath navigable waters. Lands beneath navigable waters are interpreted as extending from the coastline 3 nautical miles into the Arctic Ocean, the Atlantic Ocean, the Pacific Ocean, and the Gulf of Mexico, excluding the coastal waters off Texas and western Florida. Lands beneath navigable waters are interpreted as extending from the coastline more than 3 marine leagues into the Gulf of Mexico off Texas and western Florida.

OCSLA — Outer Continental Shelf Lands Act of 1953, as amended, 43 U.S.C. 1331 *et seq.* An act that establishes procedures for U.S. jurisdiction of the Outer Continental Shelf lands and authorizes the Secretary of the Interior to issue exploration permits and mineral leases for oil, gas, sulfur, and other mineral resources on those lands. The Secretary is authorized to implement alternative bidding systems, including net profit share leases, to promote development of marginal oil and gas deposits. Significant amendments were enacted into the original law in 1978 and 1985. See **Net profit share lease**.

OPEC — Organization of Petroleum Exporting Countries. Current members follow: Algeria, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria,

Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Operator — The individual, partnership, firm, or corporation having control or management of operations on a leased area or portion thereof. The operator may be the lessee, designated agent of the lessee, a holder of rights under an approved operation agreement, or an agent of an operating rights holder.

OTFM — Office of Trust Funds Management. OTFM is responsible for professional, technical, and managerial leadership of financial activities, programs, and functions associated with funds held in trust for individual Indians and Indian Tribes.

Production Accounting and Auditing System — An integrated system of both automated and manual applications operated by the Minerals Management Service to collect production and other operational data, and to ensure that royalties are paid on 100 percent of reported production.

Public lands — Any land and interest in land owned by the United States and administered by the Secretary of the Interior through the Bureau of Land Management and the Minerals Management Service, without regard to the manner through which the United States acquired ownership, except (1) lands located on the Outer Continental Shelf, and (2) lands held for the benefit of Indians, Aleuts, and Eskimos. The Bureau of Land Management considers acquired lands to be a category of public lands. The Minerals Management Service distinguishes public domain lands from acquired lands for purposes of various statutory revenue distributions. See **Acquired lands**.

Rent — Periodic payments made by the holder of a lease, during the primary lease term, for the right to use the land or resources for purposes established in the lease.

Royalty — Payment, in value (money) or in kind (a volume of the commodity), of a stated proportionate interest in production from mineral deposits by the

lessees to the lessor. The royalty rate may be an established minimum, a step-scale, or a sliding-scale. A step-scale royalty rate increases by steps as the average production on the lease increases. A sliding-scale royalty rate is based on average production and applies to all production from the lease.

Royalty-in-kind — A program operated under the provisions of the Mineral Leasing Act of 1920, as amended, and the Outer Continental Shelf Lands Act of 1953, as amended. The Federal Government, as lessor, may take part or all of its oil and gas royalties “in kind” (a volume of the commodity) as opposed to “in value” (money). Under the oil royalty-in-kind program, the Government sells oil at fair market value to eligible refiners who do not have access to an adequate supply of crude oil at equitable prices. In addition, the Mineral Management Service conducted a gas royalty-in-kind pilot program in 1995, entering into contracts to sell selected Gulf of Mexico natural gas by competitive bid to gas marketers. The pilot program was designed to reduce the administrative burden for both industry and the Government.

RMP — Royalty Management Program. See **MMS**.

Sales value — Proceeds received for the sale of a mineral.

Sales volume — The volume of mineral production measured at the royalty settlement point determined by the Bureau of Land Management for onshore production and the Minerals Management Service for offshore production.

Treasury — Department of the Treasury. A Cabinet-level department in the Executive Branch of the Federal Government responsible for the financial resources of the United States. The Treasury is responsible for regulating national banks, determining international economic policy, collecting income taxes and customs duties, reporting Government daily financial transactions, and manufacturing coins and bills for circulation.

Appendix

Inch-Pound/Metric Conversion

Measurements in this report use English (inch-pound) units. Federal and industry organizations are moving toward International System Units, often referred to as metric units. The following table provides factors for converting measurements to inch-pound or metric units. To obtain the metric equivalent, multiply the inch-pound unit by the conversion factor. To obtain the inch-pound equivalent, multiply the metric unit by the conversion factor.

To convert from inch-pound unit	Multiply by	To equal metric unit
acre	0.4047	hectare
barrel (42 U.S. gallons)	0.1589	cubic meter
barrel (42 U.S. gallons)	0.136	metric ton
cubic foot	0.0283	cubic meter
gallon	3.785	liter
mile	1.609	kilometer
ton, long (2,240 U.S. lb.)	1.016	metric ton
ton, short (2,000 U.S. lb.)	0.9072	metric ton
To convert from metric unit	Multiply by	To equal inch-pound unit
cubic meter	6.293	barrel (42 U.S. gallons)
cubic meter	35.33	cubic foot
hectare	2.471	acre
kilometer	0.6215	mile
liter	0.2642	gallon
metric ton	7.33	barrels (42 U.S. gallons)
metric ton	0.9843	long ton (2,240 U.S. lb.)
metric ton	1.1023	short ton (2,000 U.S. lb.)



As the Nation's principal conservation agency, the Department of the Interior has responsibility for most of our nationally owned public lands and natural resources. This includes fostering sound use of our land and water resources; protecting our fish, wildlife, and biological diversity; preserving the environmental and cultural values of our national parks and historical places; and providing for the enjoyment of life through outdoor recreation. The Department assesses our energy and mineral resources and works to ensure that their development is in the best interests of all our people by encouraging stewardship and citizen participation in their care. The Department also has a major responsibility for American Indian reservation communities and for people who live in island territories under U.S. administration.



As a bureau of the Department of the Interior, the Minerals Management Service's (MMS) primary responsibilities are to manage the mineral resources located on the Nation's Outer Continental Shelf (OCS), collect revenue from the Federal OCS and onshore Federal and Indian lands, and distribute those revenues.

Moreover, in working to meet its responsibilities, the **Offshore Minerals Management Program** administers the OCS competitive leasing program and oversees the safe and environmentally sound exploration and production of our Nation's offshore natural gas, oil and other mineral resources. The MMS **Royalty Management Program** meets its responsibilities by ensuring the efficient, timely and accurate collection and disbursement of revenue from mineral leasing and production due to Indian tribes and allottees, States and the U.S. Treasury.

The MMS strives to fulfill its responsibilities through the general guiding principles of: (1) being responsive to the public's concerns and interests by maintaining a dialogue with all potentially affected parties and (2) carrying out its programs with an emphasis on working to enhance the quality of life for all Americans by lending MMS assistance and expertise to economic development and environmental protection.